
BUSINESS

OVERVIEW

Our Mission

Bringing sustainable energy accessible to everyone.

Our Vision

Empower every home and business with intelligent energy solutions.

Who we are

We are an early mover in the ESS industry among Chinese players focusing on the R&D, manufacturing and sales of residential and C&I ESS products. According to Frost & Sullivan, we were the fifth largest residential ESS provider worldwide by shipment volume in 2025, with shipments of approximately 2.5 GWh. Our C&I ESS shipments in 2025 were approximately 0.6 GWh, bringing our total ESS shipments to approximately 3.1 GWh. We also have one of the widest global footprint among Chinese ESS companies.

We offer a comprehensive product portfolio built on years of hands-on experience serving a large number of customers across different markets and energy environments. Such experience endows us a granular understanding of how energy storage needs vary from one region to the next. Our products are designed with standardized, modular architectures, which allow them to be flexibly configured to support a wide range of applications based on different customer needs and market conditions. They span the full range of energy storage applications, including photovoltaic self-generation and self-consumption, peak shaving and load shifting, electricity price arbitrage, emergency power supply, and microgrid construction, serving both residential and commercial and industrial customers worldwide.

We are one of the first Chinese companies to focus on overseas ESS markets. From the outset, we adopted a globalized operating model supported by localized service, entering each market with products tailored to local requirements. Over time, we built a distribution network spanning Europe, Asia Pacific, the Americas, Africa and the Middle East and have accumulated on-the-ground knowledge of grid conditions, energy consumption patterns and end user behavior across dozens of markets. These market insights enable us to adapt quickly to the needs of different markets and provide products that are suited to local application scenarios.

In 2025, 95.1% of our revenue was generated outside of the Chinese mainland, with sales of residential ESS products accounting for 75.7% of our total revenue. Our C&I business is growing rapidly, as more and more commercial and industrial operators seek cost-effective and reliable energy management solutions in response to rising electricity prices and increasing grid instability. As of December 31, 2025, our products had been deployed across more than 100 countries and regions and cumulative ESS battery shipments reached over 1,000,000 units.

We are committed to advancing the digital evolution of energy, making sustainable energy accessible to everyone and empowering homes and businesses through intelligent energy solutions. As the global energy transition accelerates, we believe the demand for distributed energy storage will continue to grow, and we are well positioned to capture that opportunity through our global footprint, localized expertise and continued investment in product innovation.

Our business comprises two principal product lines:

- **Residential ESS.** We develop and sell small-scale ESS products for residential end users, including residential ESS batteries, which typically comprises battery modules and supporting components, such as BMS and aerosol fire extinguisher, and all-in-one ESS, which typically integrates ESS battery, inverter, and EMS into a single product for quick and easy installation. Our residential ESS products are designed to address the challenges faced by households across different regions, including high electricity costs, unreliable

BUSINESS

grid supply and greater solar self-consumption. By storing energy when it is low-cost or abundant and dispatching it when needed, our systems give homeowners greater control over their energy consumption and the opportunity to benefit from dynamic electricity pricing.

- **C&I ESS.** We provide C&I ESS batteries and all-in-one ESS products for commercial and industrial customers. These systems enable the storage, conversion and dispatch of electrical energy at scale and are widely deployed across settings such as industrial parks and commercial complexes. By optimizing energy management strategies, our C&I ESS products help users reduce electricity costs, manage peak demand and ensure continuity of power supply.

Our key business highlights and achievements are illustrated in the following chart:

Scale	Brand Recognition
Fifth largest residential ESS provider worldwide by shipment volume in 2025 Annual production capacity of 3 GWh as of December 31, 2025 Revenue of RMB2,525.5 million in 2025, representing a year-on-year increase of 244.3%	Recognized as the “Best PV/ESS Brand” by EUPD Research across Brazil, South Africa, the Czech Republic, Romania and Poland “2025–2026 Solar Consumer Award” by EUPD Research
Coverage	R&D and Technology
Products deployed in over 100 countries and regions Cumulative ESS battery shipments over 1,000,000 units as of December 31, 2025 Flagship residential ESS product DL5.0C: cumulative sales approximately 200,000 units since debut in 2023	244 patents and 41 copyrights as of the Latest Practicable Date Proprietary BMS, EMS, power conversion system (“PCS”) and smart cloud platform

Our Growth Opportunities

Diversifying Demand Across Underserved Markets

According to Frost & Sullivan, global residential ESS shipments are expected to grow at a CAGR of 52.3% from 2025 to 2030. This growth reflects a number of structural shifts that are reshaping how energy is generated and consumed around the world. Electricity costs have been rising across developed and emerging markets in recent years, as the retirement of conventional power plants, costly grid upgrades and the broader shift away from fossil fuels drive energy bills higher. For many homeowners, ESS has become an economically compelling tool for managing energy costs as ESS enables them to store cheaper off-peak electricity and reduce their reliance on grid supply during peak pricing periods. For C&I customers, ESS provides a valuable alternative as rising grid electricity costs squeeze margins and power supply is not always reliable. At the same time, aging infrastructure and extreme weather events are making power outages more frequent and unpredictable in many regions. Therefore, the scale and pace of the expansion of the global ESS market present a sustained opportunity for providers of ESS products.

BUSINESS

Moreover, emerging applications are opening up new frontiers for energy storage. Many of these new use cases are still evolving, with industry standards and market structures yet to be fully established. Our technology platform and product portfolio allow us to flexibly adapt and configure existing products to respond quickly to these developments, giving us an opportunity to establish an early presence in new markets. For example, the rapid expansion of AI data centers is generating substantial demand for reliable, large-scale power infrastructure, and ESS is increasingly seen as a critical component providing backup power, peak shaving and valley filling and supporting grid stability. The rollout of smart grid infrastructure is creating similar opportunities, as grid operators look to storage to manage the growing complexity of power systems increasingly dominated by variable renewable generation. Emerging application scenarios such as balcony ESS are also creating new avenues for growth by broadening the range of residential use cases. These emerging applications add another layer of long-term growth potential to a market with strong underlying growth momentum. We believe our established global distribution network, differentiated product portfolio and proven ability to respond to various market opportunities make us well placed to grow alongside this expanding market.

Favorable Policy Environment

Governments across key markets are actively introducing policy frameworks that strengthen the commercial case for energy storage. In Europe, the EU’s electricity market reform is opening up new opportunities for ESS owners by facilitating their participation in ancillary services markets and enabling dynamic electricity pricing. These changes allow homeowners and businesses to monetize their ESS more effectively, improving the economics of deployment across the region. In the United Kingdom, the Warm Homes Plan, a GBP 15 billion subsidy program aiming to help millions of households install rooftop solar PV systems, ESS, heat pumps and insulation facilities by 2030, is expected to significantly lower the upfront cost barrier for homeowners and accelerate the pace of residential ESS deployment. In China, the capacity electricity price compensation mechanism is establishing a more predictable revenue framework for ESS deployments, giving developers greater confidence in the long-term returns of ESS projects. Concurrently, China continues to advance its energy conservation and emissions reduction initiatives and its “dual-carbon” goals, while promoting the coordinated development of renewable energy generation and energy storage, further reinforcing the role of energy storage within the next-generation power system. As installed capacity of solar and wind power continues to grow rapidly, their inherent intermittency is driving increased demand for energy storage systems for peak shaving, load balancing and grid regulation, thereby providing additional growth momentum for the ESS market.

As a result, these policy developments are diversifying the revenue models available to ESS owners and improving project-level economics across the industry. As more governments recognize ESS as a critical component of a resilient and low-carbon energy system, we expect the policy environment to remain broadly supportive and to continue driving demand for ESS across both residential and C&I markets.

Evolving Technology Landscape

Technological advancements are rapidly transforming the ESS landscape, creating significant opportunities by enhancing both performance and safety and by driving down costs. For example, sodium-ion battery technology is also emerging as a promising battery chemistry for certain ESS applications, offering potential advantages in safety and low-temperature performance. AI-driven energy dispatch algorithms are making ESS smarter, enabling more precise and efficient management to maximize customer savings and grid benefits. Advances in thermal management are improving the safety and reliability of systems operating across a wide range of environmental conditions, an increasingly important consideration as storage deployments expand into more demanding climates.

BUSINESS

At the same time, advances in areas such as large-capacity cell technology are increasing energy density and extending cycle life, allowing systems to store more energy in a smaller footprint and deliver more value over their operational lifetime. These advancements are concurrently leading to more cost-effective ESS deployments, reducing both capital expenditure and operating costs for ESS owners. These innovations will continue to reduce the cost of ESS deployment, bringing systems within reach for a much broader range of customers and geographies once they reach cost-competitive scale. The combined effect of the technological advances creates a larger and more diverse addressable market over time, and we are committed to closely monitoring and incorporating next-generation technologies into our product roadmap as they mature to capitalize on these opportunities.

Our Financial Performance

Supported by our market position, technology and global footprint, we have delivered strong financial growth in recent years. In 2023, 2024 and 2025, our revenue was RMB722.9 million, RMB733.6 million and RMB2,525.5 million, respectively, representing growth of 244.3% and 249.4% over the two-year period. This performance reflects the strength of our business model and our ability to execute our growth strategies effectively across markets. We believe our diversified product portfolio, market insights and operational execution provide a solid foundation for continued market share gains and sustainable growth in the years ahead.

OUR COMPETITIVE STRENGTHS

Established Global Footprint Built on Early-Mover Advantage

We were among the first Chinese ESS companies with integrated R&D capabilities to focus primarily on global markets. We built our distribution channels, products and service capabilities around overseas expansion from day one. That early commitment allowed us to establish a global distribution network, accumulate deep market expertise and build brand recognition well before competition in the ESS market intensified in recent years.

Specifically, the early presence gave us the opportunity to develop a deep understanding of the real needs of distributors and end users across different countries and regions, including the practical aspects of product installation, after-sales support, local grid conditions and household energy usage patterns. That understanding, built up over years of global operations, has translated into a set of mutually reinforcing capabilities spanning distribution, localized service and product iteration that would be difficult for new entrants to replicate quickly. These market insights have been the driving force behind our product design and technology development, enabling us to continuously refine our ESS products in response to the specific requirements of every market we serve.

We have one of the widest global footprints among Chinese ESS companies, having deployed our products across more than 100 countries and regions and cumulative ESS battery shipments reached over 1,000,000 units as of December 31, 2025. We have established 33 branches across Europe, Asia Pacific, the Americas, the Middle East, Africa and the Chinese Mainland. Our presence spans Europe, the Americas, Africa and the Middle East, giving us geographic diversification that reduces our dependence on any single market and positions us to capture growth wherever it emerges. According to Frost & Sullivan, we ranked fifth globally by residential ESS shipment volume in 2025, with total shipments of approximately 2.5 GWh.

Global Distribution Network and Localized Operating Capabilities

Underpinning our global footprint across more than 100 countries and regions is an extensive distribution network comprising renowned local distributors worldwide. In key markets such as Europe, Asia Pacific, the Americas, the Middle East and Africa, we have established long-term, stable relationships with renowned local distributors that form the backbone of our commercial presence in those regions.

BUSINESS

What sets our distribution network apart is not just its geographic reach, but the depth of our relationship with distributors. Through market training, pre-sales technical support and a comprehensive after-sales system, we continuously enable our distributors to deliver greater value to their customers and strengthen channel loyalty. We also continuously tailor our products to different grid conditions, energy pricing mechanisms and installation scenarios of different regional markets, lowering onboarding costs for new distributors and reinforcing the stability of our channel relationships over time. At the same time, the market intelligence we obtained from our distributors feeds directly into our product design and channel support capabilities, allowing us to better address end-customer pain points and improve the fit of our products for local markets. This, in turn, makes our products more attractive to both existing and prospective distributors, creating a reinforcing cycle in which broader market reach strengthens product-market fit, and stronger product-market fit supports further channel expansion.

To support our distribution network on the ground, we have established subsidiaries in key markets including the Netherlands, Germany, Spain, Dubai and South Africa, providing localized services spanning multilingual customer support, local regulatory compliance and after-sales management. We have also established warehouses overseas to improve delivery efficiency, inventory management and supply chain resilience. Together, these capabilities form the foundation of our global distribution network and continuously reinforce the long-term stability and sustainability of the collaboration with our distributors.

Brand Trust and Long-Term Service Capabilities

In the ESS market, brand extends beyond product awareness. It reflects the trust that end users and distributors place in a company’s ability to deliver safe, reliable products and dependable long-term service. This is particularly true for residential ESS products, which typically have long operational lifespans, and for which customers place significant weight on product stability, after-sales support and the continuity of the brand they choose to work with.

Over the years, we have made sustained investments in product quality and after-sales service capabilities, building a comprehensive quality management system that spans the full product lifecycle from product design through to after-sales technical support. We also continuously strengthen our local support infrastructure across key markets through multilingual service support and distributor training programs, improving customer experience and service response efficiency. Drawing on years of real-world operational data and product validation experience, we have gradually earned the long-term trust of our end users and distributors.

That trust has translated into tangible brand recognition in several key markets. We are recognized as the “Best PV/ESS Brand” by EUPD Research across multiple major markets including Europe, South America and South Africa, and have established a strong market presence in Europe, Africa and Asia Pacific. We believe the brand trust and market reputation we have built over the years will continue to strengthen our competitive position in the global residential ESS market and form a durable moat that cannot be easily built.

Proven and Market-Driven Product Portfolio

Our broad product portfolio spans residential and C&I ESS applications across multiple markets and use cases, underpinned by our continuous product definition capability and rapid iteration capacity. Certain of our products have proven themselves in the market, standing out through their integrated design, ease of installation, energy management capabilities and overall performance. The DL5.0C series and STACK100, for example, have achieved strong market validation and widespread customer recognition across multiple core markets. By prioritizing affordability and reliability, DL5.0C has established itself as an entry-level residential ESS product of choice in underserved and supply-constrained markets. In 2025, it achieved cumulative sales of approximately 200,000 units, with a product failure rate of approximately 0.3%, significantly below the industry average. STACK100 is recognized for its stackable design, flexible deployment across different application scenarios and ease of installation, all of which have contributed to its strong

BUSINESS

sales performance and broad customer acceptance in multiple core markets. Our C&I all-in-one ESS, DH800Y, has introduced a number of innovations in integrated design and scenario-specific applications, further strengthening our competitiveness in the C&I ESS market.

In addition, our products are compatible with the major global inverter brands and are designed to meet the grid standards and electricity pricing mechanisms in different countries. Built on a modular architecture, our products can also be configured flexibly to suit different applications requirements. This compatibility reduces integration risk for distribution partners and allows our distributors to serve different types of customer.

Today, we have built a vertically integrated capability spanning battery modules, BMS, EMS, inverters, cloud platform and mobile application. Through the integrated design of hardware and software, we are able to optimize the performance of our core products in a coordinated way. Our Dyness App allows users to monitor power generation, energy storage and consumption in real time and to configure strategies such as peak shaving, valley filling and backup power, maximizing energy efficiency and economic returns. Such capability covering hardware, software, manufacturing and services enables us to offer customers a one-stop, cost-effective ESS and to continue driving innovation across the industry.

Platform-based R&D and Technology Capabilities

The foundation of our product portfolio is an integrated R&D platform and a growing set of proprietary core technologies. To continuously bring competitive products to market, we have implemented a R&D framework based on the IPD system, bringing together R&D, procurement, manufacturing, sales and marketing and quality functions throughout the product development process and enabling efficient cross-functional collaboration. A technology platform featuring pre-engineered hardware and software design modules that can be flexibly combined across different product lines, allowing us to reuse proven technical solutions efficiently across different products and markets. The IPD system improves not only product quality and development efficiency but also our ability to adapt quickly to local market requirements wherever we operate.

Building on this platform, we invest in forward-looking technology research that informs our product roadmap and have built strong capabilities across key areas including BMS, EMS, PCS and our smart cloud platform, covering hardware, software, energy management and system integration. We also continue to deepen our capabilities in energy dispatch algorithms, system safety, on-grid and off-grid control and multi-country grid compatibility, strengthening our ability to support a wide range of applications including dynamic electricity price management, VPP aggregation, photovoltaic self-consumption optimization and multi-scenario energy management.

As of the Latest Practicable Date, we had accumulated 244 patents and 41 copyrights. Our R&D costs amounted to RMB58.5 million, RMB81.6 million, and RMB103.9 million for the years ended December 31, 2023, 2024, and 2025, respectively. Our residential ESS R&D cycle runs six to 15 months per product, with an average overall product iteration cycle of two to four years, which strikes an appropriate balance between speed, product reliability and technical rigor, allowing us to respond thoughtfully to market feedback and evolving customer needs while maintaining the performance and safety standards our customers expect.

Robust Manufacturing and Supply Chain Capabilities

We operate two manufacturing centers in Suzhou and Taizhou, which had a combined annual production capacity of approximately 3 GWh as of December 31, 2025. In late 2025, we also added a new production center in Zhuhai. Our production lines feature a high degree of automation with a modular design. To support our continued growth, we plan to expand our annual production capacity to 10 GWh by 2027 to meet the growing demand for residential and C&I ESS products across global markets.

BUSINESS

Supply chain resilience is a core pillar of our global operating capabilities. We have established long-term strategic relationships with our core battery cell suppliers, securing stable access to critical materials while maintaining quality control and delivery visibility, and improving our ability to manage market volatility and supply disruption risks. For other key electronic components, we adopt a diversified procurement strategy, avoiding single-source dependency and maintaining appropriate safety stock levels to smooth supply fluctuations and improve supply chain stability.

To improve responsiveness across our global markets, we are building an international supply chain network and have established an overseas warehousing network that positions inventory closer to end markets, shortening delivery lead times for distributors and improving our ability to respond to regional demand fluctuations. Together, the manufacturing and supply chain capabilities enable us to maintain product quality and delivery reliability while improving our market responsiveness and scalability for our further expansion globally.

Experienced Management with Deep Industry Insights and a Global Perspective

Our management team brings together deep industry knowledge, a global vision and long-term strategic judgment. Our founder and core management team have held senior positions at industry-leading companies across the energy and ESS sector, accumulating extensive experience across R&D, operations, marketing and management of international businesses.

Our Chairman, Mr. Liu, has approximately 18 years of experience in the energy industry, with a career spent at the forefront of energy technology and global energy markets. He brings to the Company the forward-looking strategic judgment and global operating capabilities that define our management approach today.

Our management team identified the emerging opportunity in overseas residential ESS markets early and began building a global operating infrastructure well before the market entered its period of rapid growth. The distribution network, service capabilities and diversified product portfolio developed over that period gave us a meaningful head start ahead of intensifying competition. This allowed us to progressively build the organizational depth needed to operate effectively at scale across multiple markets.

In the face of industry downturns, our management team had maintained a disciplined, long-term oriented approach, prioritizing distributor relationships, product quality and cash flow resilience during periods of market stress, while continuously strengthening our global operating capabilities to ensure our business is well positioned to capture opportunities as markets recover and grow.

Looking ahead, our management team has set a clear course for broadening our residential and C&I ESS product portfolio and expanding into new application scenarios globally. We believe the industry insight, global operating capabilities and track record of strategic execution that our team has built over the years will continue to be a source of durable advantage as we grow.

OUR GROWTH STRATEGIES

We believe the global energy transition, increasing penetration of distributed energy and ongoing electricity market liberalization will continue to drive long-term growth in residential and C&I ESS markets worldwide. Building on our global footprint, product capabilities and technology expertise, we plan to capture these opportunities by expanding into new markets, extending our products across a broader range of applications, enhancing our AI-driven energy management capabilities and strengthening our global production and operational infrastructure, with the longer-term ambition of evolving from an ESS product supplier into a trusted solution provider for end users around the world.

BUSINESS

Deepening Global Market Presence and Brand Recognition

We plan to continue deepening our global market presence by broadening our coverage across different markets while further expanding our distributor network and strengthening our local service capabilities. To achieve this, we plan to pursue the following initiatives:

- ***Expanding global market presence.*** Drawing on the market insight and distributor management capabilities we have accumulated over years of global expansion, we plan to continue to extend our reach into high-potential markets that remain underserved by existing ESS providers. We will leverage our regional teams to accelerate channel expansion in the United States, the United Kingdom, Latin America, Africa, as well as selected countries in Asia Pacific such as Australia and Japan, building a globally diversified distribution network. In mature markets such as Europe, we plan to continue working closely with our core distributors to improve channel efficiency and deepen market penetration, further consolidating our position in markets where we are already well established.
- ***Strengthening our brand position.*** We plan to strengthen our brand recognition and market influence among end users and distributors worldwide through sustained investment in product quality, after-sales support and localized operations. As end users are expected to play an increasingly active role in product selection in many markets in the future, our goal is to create a brand that end users actively seek out and trust.
- ***Enhancing customer support across the full product lifecycle.*** We plan to continue investing in our global after-sales service system, including further leveraging our cloud platform and mobile app, developing standardized installation tools and visualized operating guides to simplify installation and reduce on-site labor time for residential ESS, as well as streamlining commissioning processes for C&I ESS. We also plan to expand our global service center network and regional warehousing for spare parts to improve delivery efficiency and after-sales response times, further enhancing end-user trust and distributor long-term commitment.

Broadening Our Product Portfolio Across New Applications and Markets

We plan to continue expanding our product portfolio and addressable market across a broader range of applications. To achieve this, we plan to pursue the following initiatives:

- ***Broadening our product portfolio and application scenarios.*** We plan to broaden our residential and C&I ESS product portfolio while expanding into new applications and market segments including VPPs, off-grid systems, industrial microgrids, integrated solar-storage-charging systems, AI data centers, EV charging stations and utility-scale ESS, thereby expanding the application coverage of our products and the markets we can address.
- ***Enhancing product adaptability and local market fit.*** As grid conditions, electricity pricing mechanisms and energy management requirements vary and continue to evolve across different markets, we plan to continue refining our products in response to local market conditions, customer needs and feedback. This ongoing process of adaptation is critical to how we maintain the relevance and competitiveness of our products across the diverse markets in which we operate.

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Building AI-Powered Capabilities and Strengthening Core Technologies

We plan to continue investing in AI-powered capabilities and emerging technologies in order to improve performance and safety, helping users improve cost efficiency and operational efficiency, delivering greater overall value across our product portfolio. To achieve this, we plan to pursue the following initiatives:

- ***Advancing AI-Driven Energy Storage Intelligence.*** We plan to continue advancing the integration of AI with our ESS products. Leveraging our smart cloud platform and the Dyness App, we aim to enhance capabilities across device connectivity, data collection, system monitoring, remote monitoring, operation and maintenance, intelligent diagnostics, SOC and SOH prediction and proactive safety alerts. In energy management applications, we plan to continue improving our AI-driven charge and discharge strategies, dynamic electricity pricing management, solar self-consumption optimization and load forecasting capabilities, while enabling integration with VPP ecosystems, to enhance the value our systems deliver in energy management and electricity market applications.
- ***Strengthening our core technology capabilities.*** We plan to continue investing in core technology capabilities across BMS, EMS, PCS and our smart cloud platform, while enhancing our energy management, scheduling, dispatch and data analytics capabilities to support ongoing product iteration and accelerate commercialization.
- ***Developing next-generation power electronics technologies.*** We plan to continue developing our capabilities in high-efficiency power electronics, high-power-density integration and grid-forming energy storage control, including in areas such as power electronics integration for large-capacity cells and GaN-related technology, with the goal of improving product performance, system efficiency, safety and energy coordination.
- ***Investing in emerging battery technologies.*** We plan to explore next-generation battery technologies, such as sodium-ion batteries and deepen our research collaboration with academic institutions to support the continued evolution of our products and long-term technology capabilities.

Strengthening Manufacturing and Logistics Capabilities

We plan to continue building a robust global delivery and manufacturing infrastructure to ensure scalable, efficient operations across different markets. To achieve this, we plan to pursue the following initiatives:

- ***Bolstering manufacturing capabilities.*** We plan to enhance our manufacturing capabilities to support our ongoing global market expansion including by establishing new production bases overseas to bring manufacturing closer to local markets and strengthen supply chain resilience. We also plan to continue investing in smart manufacturing capabilities at our Suzhou production center to strengthen product quality consistency, production efficiency and cost control. We also plan to expand our annual production capacity to 10 GWh by 2027 to meet the expected growing demand for residential and C&I ESS products across global markets.
- ***Optimizing logistics and delivery infrastructure.*** We plan to continue building our global supply chain network and optimizing our logistics capabilities and overseas warehousing operations to improve market responsiveness, delivery efficiency and overall operational efficiency across our global network.

BUSINESS

Deepening Value Chain Collaboration

We are committed to deepening collaboration across the value chain and building strategic partnerships to strengthen supply chain resilience, improve cost competitiveness and enhance our position within the global ESS ecosystem. To achieve this, we plan to pursue the following initiatives:

- ***Downstream integration.*** We plan to explore collaborations with VPP operators, third-party-owned energy project developers, larger distribution groups and other energy market participants to strengthen our competitive position across the ESS value chain and capture emerging opportunities in ESS and broader energy ecosystems.
- ***Upstream partnerships and investment.*** We plan to deepen collaboration with partners in core raw material supply and technology development and pursue targeted investments and partnerships for critical stages of the supply chain to improve supply chain stability and cost control.

Investing in Global Talent and Organizational Excellence

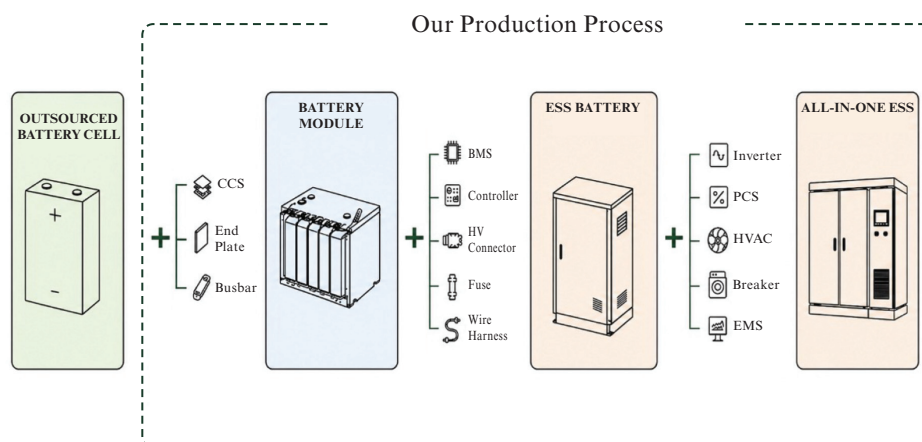
We are dedicated to building a world-class team capable of supporting our long-term global growth by investing in talent development and organizational culture. To achieve this, we plan to pursue the following initiatives:

- ***Strengthening global talent development and cultural integration.*** We plan to refine our talent recruitment, development and management systems, building a global talent pipeline to support our long-term growth and strengthen our competitive position. We also plan to strengthen our cross-cultural management capabilities to support effective collaboration across our global operations.
- ***Building localized expertise teams in key markets.*** In markets including Europe, Australia, the Americas and Japan, we plan to expand our local teams and recruit industry experts and senior management teams with deep market insights, hands-on experience in managing international operations, and knowledge of local market dynamics and regulatory environments to bring the full depth of our collective expertise to bear for customers across different markets we serve.

OUR PRODUCTS

We are primarily engaged in the development, manufacturing and sales of ESS products. Our product portfolio covers from ESS batteries to all-in-one ESS, which includes complete systems delivered in individual cabinets or containers. Our residential ESS products are primarily standardized products designed to serve a broad range of markets and household end users. For our C&I ESS products, we provide both standardized and customized solutions and work closely with customers to tailor system designs to their specific applications and project conditions, including target capacity, power output, safety requirements and site integration needs.

BUSINESS



Our ESS batteries primarily use LFP battery cells with strong safety performance, stable energy output and effective thermal performance. ESS battery forms the core energy storage building block of our ESS products and can be configured flexibly to meet different installation constraints and performance specifications across a range of applications. It typically incorporates supporting features and system-level integration capabilities, including battery management, thermal management and other system management components, to enable safe and stable operation throughout the system lifecycle. In our all-in-one ESS products, these batteries are integrated with inverter or PCS and other key functional components into a single unit.

We endeavor to develop and bring products to market with features that effectively address diverse customer needs across different markets. To this end, we have established a systematic product development process focused on identifying customer requirements, drawing on our understanding of each market’s characteristics, customer pain points and industry trends.

During the Track Record Period, our residential ESS product contributed to the majority of our revenue. The table below sets forth a revenue breakdown by ESS product type for the periods indicated:

	Year ended 31 December					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Residential ESS	717,593	99.3	625,936	85.3	1,911,437	75.7
ESS Battery	717,593	99.3	621,311	84.8	1,890,189	74.8
Low-voltage Battery	585,925	81.1	503,702	68.7	1,352,662	53.6
High-voltage Battery	131,668	18.2	118,609	16.2	537,527	21.3
All-in-one ESS	—	0.0	3,625	0.5	21,248	0.8
C&I ESS	1,599	0.2	89,403	12.2	603,373	23.9
ESS Battery	—	—	6,313	7.1	342,858	13.6
All-in-one ESS	1,599	0.2	83,090	11.3	260,515	10.3
Others ⁽¹⁾	3,676	0.5	18,268	2.5	10,675	0.4
Total	722,868	100.0	733,607	100.0	2,525,485	100.0

Note:

(1) Other typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

BUSINESS



Residential ESS



C&I ESS

Our Product Portfolio

Our ESS products are designed to support reliable energy storage, conversion and dispatch across a range of use cases, including residential use and commercial and industrial applications. They are built around a modular architecture that enables customers to configure, scale and upgrade systems based on their operating needs. Depending on customer requirements, our ESS products can be deployed as an all-in-one ESS or ESS batteries stacked into larger configurations. Key features of our products are set forth below.

- **Modular Architecture and Flexible System Configuration**

Our ESS products are typically configured using standardized functional modules that can be combined to form an integrated system. This modular architecture is designed to enhance configurability and scalability. Customers can expand system capacity and power output by adding modules based on site conditions, load profiles and targeted operating strategies. Generally, a single residential ESS can support the parallel connection of up to 50 battery modules, with a maximum configurable system capacity of up to 0.8 MWh and maximum rated power of up to 0.56 MW; a single C&I ESS can support the parallel connection of up to 10 battery modules, with a maximum configurable system capacity of up to 8.36 MWh and maximum rated power of up to 4.2 MW.

We tailor our system configuration and integration design based on customer requirements, including target capacity and power output, installation footprint, interconnection requirements and site conditions. Our ESS products are designed for both indoor and outdoor installation, with typical enclosure protection ratings of IP55. Our solutions team works closely with customers to determine the most suitable system configuration and deployment approach for each project, with the objective of meeting performance, safety and operational requirements.

- **Power Conversion and Control**

Our ESS products incorporate power conversion and control functions designed to manage bidirectional power flow between the battery system, onsite loads and the grid. The control system optimizes energy utilization and can be configured to operate in different modes, including peak shaving, load shifting, self-consumption and backup power. Depending on the product model and measurement basis, our residential ESS products can achieve a maximum round-trip efficiency of up to 92% (measured on an AC-AC/DC-DC basis) and PCS peak efficiency of 97.6%. The control system can also achieve a response time for self-consumption adjustment of less than 2 seconds, and the anti-export control accuracy of our residential ESS inverters can be as low as 10 W. Our C&I ESS products can achieve round-trip efficiency ranging from 88% to 95% and PCS peak efficiency of 97% to 99%.

BUSINESS

- **On-grid and Off-grid Operating Capability**

Our ESS products are designed to support both on-grid and off-grid operating conditions to enhance energy security and operational resilience. In grid-connected operation, the system may be configured to charge from onsite generation sources, such as photovoltaic systems and discharge to serve onsite loads or export power to the grid. In off-grid operation, the system can supply power to designated loads based on different site-specific conditions. Certain products can support parallel operation of up to 16 units for capacity expansion and provide overload capacity of up to 2x their rated power to support the start-up of inductive loads such as air conditioners. Certain products are able to provide backup power transfer within 4 ms.

- **System Safety and Protection Design**

Safety is a central design consideration for our ESS products. Our system design typically incorporates multi-layer monitoring and protection mechanisms intended to support stable operation and mitigate risks arising from abnormal conditions. These protections include monitoring and protective responses for conditions such as over voltage, under voltage, over current, short circuit, insulation faults and abnormal thermal events. Our products typically have BMS functions, which include cell-level or module-level monitoring, SOC estimation and balancing control, and may support protective shutdown and isolation logic. Some of our products incorporate additional system-level safety measures, such as smoke or temperature detection, pressure relief design, emergency stop and fire protection measures, and are designed to meet applicable local standards and certification requirements.

- **Thermal Management and Environmental Adaptability**

Our ESS products are designed with thermal management measures intended to support stable performance and safe operation under varied environmental conditions. We also consider factors such as temperature, humidity, dust and water resistance and corrosion exposure in selecting enclosure and protection designs. Accordingly, our ESS products are typically designed to operate across an ambient temperature range of -25°C to 50°C, with a storage temperature range of -10°C to 45°C.

- **Energy Management and Monitoring**

Our ESS are supported by the Dyness App, our smart energy management tool that provides real-time monitoring and control functions. It helps users track energy flows, operational status, key performance indicators and fault information, and supports remote operation and maintenance.

Our proprietary smart energy storage cloud platform, operating in tandem with the Dyness App, enables large-scale connectivity, data acquisition and status monitoring across residential and C&I applications. It supports a full range of remote operational functions, including device activation, monitoring, firmware upgrades, fault diagnostics and after-sales maintenance, across different product lines and markets.

Leveraging big data analytics and deep learning models, the cloud platform’s AI-powered charge and discharge strategies integrate system operating data, user load profiles, dynamic electricity pricing and weather forecasts to optimize energy dispatch and improve renewable energy utilization. Our SOC and SOH prediction technologies provide data-driven support for operational strategies, maintenance decision-making and product lifecycle management, while an integrated safety detection framework identifies potential risks and provides early warnings such as short circuits and abnormal temperature rises.

BUSINESS

Residential ESS

We provide residential ESS products designed to help households manage electricity consumption more efficiently, increase self-consumption of photovoltaic generation and enhance energy resilience. Our products are built on standardized and expandable batteries that support flexible configuration and storage capacity expansion, while adapting to different photovoltaic system configurations to match different household load profiles, and support household power continuity in the event of a grid outage.

ESS Battery

The ESS battery is the core energy storage component of a residential ESS. It comprises battery modules we produce from battery cells sourced from suppliers and supporting components, such as BMS and aerosol fire extinguishing components. Our residential ESS batteries offer configurable storage capacity ranging from 2.56 kWh to 803.84 kWh. They provide 0.5C to 1C discharge capability with a maximum discharge current of up to 200A and an operating temperature range of -20°C to 55°C. Our main residential ESS batteries are designed with an IP65 or IP66 protection rating.

Low-voltage Battery

Low-voltage batteries are generally suited for households that prefer flexible installation arrangements, including smaller residential units or applications requiring targeted backup for selected loads. They can be deployed in a standalone installation or parallel configurations. A single battery typically provides a rated energy capacity of 2.56 kWh to 16.077 kWh, allowing users to select an entry configuration that matches household consumption patterns and available installation space. Our low-voltage ESS batteries support a discharge rate of up to 1.2C, enabling higher instantaneous power output and accommodating households with higher peak loads.

High-voltage Battery

High-voltage batteries are generally suited for households seeking a more integrated, higher-capacity home energy storage setup, including for whole-home backup and higher daily energy throughput. Adopting a modular design, high-voltage ESS batteries are typically stacked together with a BDU to form a tower or rack system for sale, allowing users to size the system to their household load profile and to expand capacity over time as electricity usage increases, such as following the addition of new appliances or home charging equipment. A single high-voltage ESS battery module can be stacked with additional modules to form a system with an energy capacity ranging from 7.104 kWh to 23.04 kWh, and they are designed to achieve DC-side charge and discharge efficiency of up to 95%, which helps reduce energy losses and improve the utilization of electricity generated from photovoltaic systems.

All-in-one ESS

Our all-in-one residential ESS products integrate the key functional components in a single system, including ESS batteries, inverters and EMS, into a single unit, simplifying system configuration, and reducing costs of installation and commissioning. Our products typically incorporate in-house developed BMS and support 1C charge and discharge capability. They also include system-level safety functions, such as arc fault detection and rapid shutdown, as well as built-in active fire protection systems.

BUSINESS

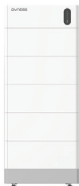
Key Feature of Our Residential ESS

As a market leader in residential ESS products, we seek to differentiate our products not only through product performance, but also through an application-driven approach to product design. We design our products with a focus on the practical requirements of deployment and operation, including ease of configuration and scaling, installation and commissioning, integration with onsite generation and the grid, operating reliability, safety and ongoing monitoring and maintenance. We have therefore equipped our products with a range of features intended to align with customer expectations of residential applications, including:

Customer Expectations	Our Answers
Fast installation	• A true plug-and-play design that minimizes wiring and eliminates most on-site setup • A stacked modular blind-mate structure eliminates inter-module wiring during installation • The BMS automatically assigns addresses, once stacked, the system can be powered on without additional commissioning or manual address configuration • The BMS includes built-in protocols compatible with over 90% of mainstream inverter brands and will match the inverter communication protocol automatically • The Dyness App supports Bluetooth-based setup to quickly complete Wi-Fi provisioning
Cold weather performance	• Our ESS battery module includes an integrated heating film, which works with the BMS to help ensure that battery temperature remains above 0°C before charging, supporting safe and stable long-term battery operation • The Dyness App provides one-tap and scheduled heating options. Users can schedule in advance (e.g., based on dynamic electricity pricing) so in low-temperature environments, the system actively regulates battery temperature within pre-set periods, maintaining optimal operating conditions to ensure charging efficiency and system stability
Expandability with mixed modules (including different capacities and compatibility across module generations)	• Certain products can incorporate built-in DC-DC circuit in each module. The modules are stacked and connected in parallel, system capacity can be expanded by adding additional modules • The DC-DC circuit enables independent charge/discharge power control at the individual-module level, which allows mixed stacking of different-capacity modules and a combination of new and existing modules for capacity expansion
Built-in redundancy for single-module fault tolerance	• Our bypass optimization technology allows the system to continue operating even if a single module in a series string experiences a typical fault

BUSINESS

The table below sets forth representative products and features of our residential ESS products.

Product Type	Specifications and Price range
Low-voltage ESS Battery	2.56kWh-16.08kWh; US\$300 to US\$1,750
	Key Features • Built-in multi-protection BMS, an internal thermal aerosol fire suppression module and IP65-rated enclosure • Long cycle life: LFP cells rated for over 6,000 cycles support a 10-year design lifespan, delivering long-term value for household users • Modular architecture: Standardized plug-and-play modules enable straightforward capacity expansion, installation and maintenance • Flexible installation: Compact form factor supports floor-standing, wall-mounted and stacked configurations to suit varied installation environments • Passive cooling: Natural convection cooling eliminates active cooling components, helping reduce noise and environmental impact
Product Type	Specifications and Price range
High-voltage ESS Battery	7.10kWh-23.04kWh; US\$1,200 to US\$5,600
	Key Features • High system conversion efficiency: High-voltage design reduces circuit current and I^2R losses, achieving charge/discharge efficiency of over 95% • Stacked modular design: Vertical stacking is designed to improve space utilization by over 40%, with plug-and-play expansion and independent module replacement • Multi-level BMS architecture: Individual module BMS handles cell monitoring and the master BMS oversees overall system safety with a response time of $< 250\text{ms}$ • Strong high-power load support capability: Small-capacity, high-rate cells support sustained discharge capability of at least 1C, suitable for high-power load applications

BUSINESS

Product Type	Specifications and Price range
All-in-one ESS	8/10 kW; 7.68kWh–46.08kWh; US\$2,000–US\$12,500
	Key Features • Utilizes high-safety, long cyclelife LFP battery cells that support fast charging and discharging • Modular design enables convenient installation and expansion, with a variety of capacity options • Cell-level monitoring, and a built-in active fire suppression system to enhance safety • IP66 protection rating design, suitable for indoor and outdoor installation • Smart app-enabled real-time monitoring and remote OTA updates

C&I ESS

We provide C&I ESS products designed for a broad range of operating environments, including industrial parks and large manufacturing facilities, commercial complexes, rural and remote distribution networks and solar-storage-charging projects. These applications typically have high power demand, extended periods of high-load operation and, in certain cases, limited installation space and short-duration peak load spikes, such as those arising from vehicle charging. Our C&I ESS products are designed to help customers reduce electricity costs through peak-valley electricity price arbitrage, peak shaving and demand management and to increase on site renewable energy self-consumption and support customers’ decarbonization objectives.

ESS Battery

Our C&I ESS batteries are engineered for higher-capacity C&I deployments and are typically delivered in rack or cabinet configurations that integrate battery modules with key control and safety functions. They support up to 1C charge and discharge capability, with maximum charge and discharge current of up to 200A, which is suited for rapid charge and discharge applications such as frequency regulation and charging stations. They also incorporate a built-in aerosol fire extinguishing device designed to activate automatically within five seconds, as well as smoke, CO, hydrogen and temperature detection.

All-in-one ESS

Our all-in-one C&I ESS products are designed to provide a highly integrated solution for commercial and industrial customers seeking streamlined deployment and operation. These products integrate key energy storage functions into a single cabinet-level system, which can reduce onsite integration work and simplify commissioning and ongoing operations. For product models with photovoltaic system integration capabilities, storage and charging applications can increase photovoltaic self-consumption efficiency and help reduce the impact of high-power loads on transformer capacity, supporting more efficient use of existing electrical infrastructure and phased expansion of charging capacity.

BUSINESS

Key Feature of Our C&I ESS

Our C&I ESS products include a range of features intended to meet the expectations of commercial and industrial customers in various applications, including:

Customer Expectations	Our Answers
High safety and reliability	• Multiple layers of protection and monitoring to enhance safety and contain faults • Five levels of DC-side protection to cover a range of short-circuit current conditions • Module-level protection controls to reduce the risk of overcharge, over-discharge and thermal runaway • Real-time monitoring of insulation resistance between the battery cluster and ground to detect abnormal conditions early and enhance overall system safety • Dual-level fire protection at both the module level and the cluster level to support early detection, early intervention and incident containment
Intelligent operation and control	• Intelligent operations and maintenance, including real-time monitoring of key modules and remote OTA updates • Intelligent thermal management to minimize temperature differentials across the ESS
Low noise	• Operating noise reduced through hardware noise-reduction measures and optimized thermal management to keep noise levels at around 65 dB
Streamlined delivery and maintenance	• Modular design with pre-integration and pre-commissioning, reducing onsite commissioning time • Standardized installation procedures to reduce reliance on highly specialized installers • Simplified fault monitoring and diagnostic functions, including fault identification and event recording, to facilitate faster troubleshooting and remote diagnostics
Flexible scalability	• Scalable capacity through parallel configuration, including AC-side parallel operation to increase system power and energy capacity, and DC-side parallel connection to expand energy capacity • Flexible configurations designed to meet different customer requirements and support a range of application scenarios

BUSINESS

The table below sets forth representative products and features of our C&I ESS products.

Product Type	Specifications and Price range
ESS Battery	15.36kWh–2.89MWh; US\$2,300 to US\$313,200
	Key Features⁽¹⁾ - Utilizes long-cycle-life LFP cells, offering over 8,000 cycles - Modular design supporting stackable installation and internal blind-mating design - High protection rating coupled with a built-in heating module - Incorporates a bypass function
Product Type	Specifications and Price range
ESS Battery	86kWh–600kWh; US\$11,000 to US\$82,000
	Key Features⁽²⁾ - Broad compatibility with mainstream energy storage inverters - Air-cooled design suitable for outdoor use, easy to install, supports capacity expansion of all-in-one systems - Supports parallel operation of up to 6 units
Product Type	Specifications and Price range
All-in-one ESS	100kW to 4.2MW; 71kWh–8.36MWh; US\$18,000 to US\$1,290,000
	Key Features - Covers applications for medium-voltage grids and low-voltage grids - Modular design, integrated and delivered as a complete package - Supports PV consumption, dynamic capacity expansion, self-consumption, backup power, grid trading and applications for AC-DC charging piles - All product series come standard with active and passive safety configurations - Supports DC-side battery expansion for storage duration of up to 8 hours - Supports multi-unit parallel operation: Up to 10 units for grid-tied, and up to 4 units for off-grid operation

Notes:

(1) Series STACK as an example

(2) Series BF as an example

BUSINESS

RESEARCH AND DEVELOPMENT

We consistently invest in research and development to seize new market opportunities, expand our product portfolio and strengthen our competitive position in the ESS industry. These investments are essential for delivering advanced and reliable ESS products, enhancing product performance and staying ahead in a rapidly evolving and dynamic energy storage market.

R&D Process

Our products are designed to meet a broad range of application requirements of our customers. By closely monitoring industry trends and maintaining close collaboration with our customers, we ensure that our products align with their performance needs, operational goals and evolving requirements. To continue developing competitive products and bringing them to market efficiently, we have implemented an IPD system, bringing together R&D, procurement, manufacturing, sales and marketing and quality functions throughout the product development process and enabling efficient cross-functional collaboration. As part of the R&D process, we have developed pre-engineered hardware and software design modules that can be flexibly combined across different product lines, allowing us to reuse proven technical solutions efficiently across different products and markets, improving R&D efficiency and accelerating product development. We follow a systematic approach to product development as detailed below:

- *Demand Insight.* Our R&D team works closely with management and with teams across procurement, manufacturing, quality, marketing and after-sales functions to conduct systematic analyses of market dynamics, customer needs, competitive landscapes and technology trends.
- *Project Initiation and Feasibility Study.* Cross-functional experts from R&D, marketing and product management jointly evaluate potential projects’ market feasibility, technical viability, cost-effectiveness and manageable risk profile. All projects are reviewed and approved by our Integrated Product Management Team before proceeding.
- *R&D Implementation.* Our R&D teams execute system design and development, progressing through structured technical reviews to prototype assembly.
- *Testing and Verification.* To help ensure product quality, we have established a comprehensive three-level testing framework, conducted sequentially by our R&D team, testing team, and key customers through small-batch beta trials.
- *Mass Production Conversion.* Upon successful verification, products are transferred to mass production through a controlled conversion process, ensuring manufacturing consistency, yield targets and quality standards are met at scale.
- *Iteration and Optimization.* A standing feedback collection mechanism aggregates insights from customer service channels, market research and after-sales data analysis to drive continuous improvements in performance, functionality and user experience.

R&D Achievements

We continue to invest in key battery and power electronics technologies, algorithmic capabilities and system integration capabilities, establishing an R&D system covering BMS, EMS, PCS, cloud platforms and energy management algorithms.

- *Battery management and BMS technology.* We have established core capabilities covering core BMS algorithms, active balancing and battery safety management. Based on software configuration modes and algorithmic control mechanisms, our BMS supports short-circuit protection for input and output ports, mixed use of new and existing

BUSINESS

batteries, dynamic SOC balancing, and automatic isolation of single-module or partial-module failures while supporting continued system operation without shutdown, thereby continuously improving the safety and stability of batteries.

- *Power electronics and system integration capabilities.*
 - We have developed core capabilities in large-capacity cell power electronic conversion, high-power-density integration and high-efficiency energy conversion, continuously enhancing system power density, energy conversion efficiency, and overall integration through research into LLC resonant converter and DAB topology control technologies;
 - We have developed integrated system control capabilities, including on-grid and off-grid coordinated control, wireless paralleling, multi-port integration and collaborative control, supporting the coordinated operation of devices such as PV, ESS, the grid, generators and smart loads to reduce complexity, improve energy dispatch and enhance weak-grid adaptability;
 - We have also developed inter-phase energy transfer and weak-grid adaptation technologies. Built on our in-house grid-connection control algorithms, these technologies enable adaptive power output and anti-backflow control based on load conditions and grid status, support stable operation under three-phase imbalance scenarios and improve system stability and end-user returns in weak-grid environments.
- *Cloud Platform and AI Energy Management Capabilities.* We have built a smart energy storage cloud platform supporting remote operation and maintenance, firmware upgrades, fault diagnosis and intelligent scheduling, forming a full lifecycle digital capability covering system monitoring and after-sales operation and maintenance. Leveraging large data models and algorithmic capabilities, we have developed energy management functions including AI-powered charge and discharge strategies, dynamic electricity pricing management, load forecasting, PV self-consumption optimization and API-based connectivity with VPP ecosystems.

Future R&D Focus

In the future, we will continue to invest in technologies that enhance the intelligence, platform capabilities, efficiency and reliability of our ESS products, which include:

- *Next-generation battery management systems.* We will continue to advance the development of next-generation BMS architecture and core algorithmic capabilities, and the adaptation to sodium-ion batteries and large-capacity battery cell and further explore integrated BMS architectural innovations that incorporate DC-DC technology. Also, we will focus on cloud-edge collaborative BMS architecture, combining real-time control capabilities at the device end with cloud data analysis capabilities, continuously improving the accuracy of SOC and SOH estimation and functions such as fault diagnosis, health management and proactive safety warnings. On that foundation, we will continue to deepen the application of AI in high-precision SOC/SOH estimation, battery health management and proactive safety warnings, while advancing the use of GaN MOSFETs and EIS online detection technologies in BMS to further enhance battery safety, estimation accuracy and intelligent energy management capabilities.
- *High-efficiency power electronics and grid-forming technologies.* We will continue to advance R&D in grid-forming control technology and high-efficiency power electronics technology, improving the stability, energy conversion efficiency, and system collaborative capabilities of PCS and ESS in both on-grid and off-grid scenarios. We plan to further promote the development of multi-port collaborative control and

BUSINESS

weak-grid adaptation capabilities to enhance system integration and scenario adaptability across different application scenarios, particularly those combining energy storage and charging.

- *AI-powered smart energy management.* We plan to further deepen the application of AI in EMS, continuously enhancing predictive health management, intelligent energy scheduling and distributed energy collaboration capabilities.
- *Next-generation energy storage technologies.* We will focus on next-generation electrochemical and electrical engineering technologies, including sodium-ion batteries and GaN-related technology.

R&D Team and Expenses

Our R&D department serves as a key technology enabler for the development and advancement of energy digitalization and intelligent solutions. The department is structured into specialized functions, including product design, software and hardware development, algorithm development, project management and testing, supporting the full lifecycle of product development and innovation. We time our product launches based on our analysis of market conditions and demand trends, bringing competitive product portfolios to market at the right pace and enabling both long-term strategic alignment and agile responses to market demands. Project execution is coordinated through a centralized project management function that efficiently allocates development, testing and algorithm resources.

The department works closely with other business units. Requirements from marketing, sales, and manufacturing are consolidated and translated into product solutions, followed by structured development and joint validation at key milestones. After product launch, customer and market feedback is continuously incorporated into the R&D process, driving ongoing iteration and optimization. Beyond product development, the R&D department also supports internal innovation and incubation, promoting smarter, more integrated and ecosystem-oriented R&D practices.

As of December 31, 2025, we had 167 experienced research and development personnel, representing 17.8% of our total employees, with 81.4% of them holding a bachelor’s degree or above. The core members of our R&D team have over 10 years of experience on average in the R&D of ESS technologies.

In 2023, 2024 and 2025, our research and development costs amounted to RMB58.5 million, RMB81.6 million and RMB103.9 million, representing 8.1%, 11.1% and 4.1% of our total revenue in the respective periods. Our research and development costs were generally not capitalized.

R&D Resources

In addition to our in-house R&D capabilities, we collaborate with universities and research institutions in China to leverage collective expertise and foster innovation. We believe these collaborations enable us to gain deeper insights into industry trends and emerging technologies, allowing us to focus our R&D efforts more effectively and efficiently. The major terms of our joint technology development agreement typically include the following:

Technology sharing	These collaborations are generally structured on a project- or task-specific basis, each centered around a defined technological objective, with us funding certain operating expenses, preliminary research outputs and equipment, while institutions provide research expertise, technical guidance and personnel training.
Ownership of intellectual property	Intellectual property rights are generally retained by us.

BUSINESS

Milestone	The researchers are expected to meet specified technical milestones within agreed timeframes and project phases. We will assess performance against these outcomes based on our established evaluation procedures.
Confidentiality	These agreements usually have strict confidentiality provisions.
Development risks	Each party shall bear, at its own risk, any development risks arising from existing technological limitations in connection with the joint R&D projects.
Term and termination	Either party may terminate with written notice for force majeure events rendering performance impossible or unnecessary.

SALES AND MARKETING

Our sales and marketing efforts are centered on building and expanding strategic relationships with our customers, with the goal of becoming and remaining their trusted long-term collaborator. For our residential ESS products, we focus on building resilient distribution and installer networks, supported by standardized product portfolios and integrated after-sales services. For our C&I ESS products, we focus on key application scenarios, providing end-to-end capabilities from demand identification and solution design through to project delivery and after-sales support.

Currently, we have 11 regional sales and customer service teams covering key markets such as Europe, Asia Pacific, the Middle East, Africa and the Americas.

Our Customers

During the Track Record Period, we primarily sold our ESS products through distributors.

Our Distributors

During the Track Record Period, we primarily sold our ESS products through distributors to expand our global market presence. In 2023, 2024 and 2025, sales to our distributors amounted to RMB624.5 million, RMB678.4 million and RMB2,480.5 million, accounting for 86.4%, 92.5% and 98.2% of our total revenue in the respective periods.

Our relationship with distributors is strategic and mutually beneficial as they have experience and resources in overseas sales, including market access, distribution networks and local support. We believe we benefit from this relationship by leveraging their overseas channel resources to achieve faster market penetration and expansion. In particular, our products typically require professional installation, commissioning, grid connection and ongoing after-sales support, and our distributors are generally better positioned to provide these services locally. In addition, overseas markets often have region-specific or country-specific grid standards, regulatory requirements and certification processes, and our distributors can assist in navigating these requirements, supporting product certification and customer adoption. We also believe this distribution model helps us manage the capital and operational risks of overseas expansion, as distributors can share inventory, working capital and market development costs. Distributors are also incentivized to continue promoting our ESS products due to strong market demand, high customer satisfaction, and the competitive value we offer in terms of performance, reliability and support.

We have a seller-buyer relationship with our distributors whereby the ownership of the products is transferred to our distributors upon their purchase of the products. During the Track Record Period, we mainly sold our products to distributors, who either (1) sold the products to end customers and performed the installation or (2) resold the products to sub-distributor, primarily

BUSINESS

local installers, who install the products for end customers. We generally do not enter into agreements or directly establish relationships with the sub-distributors, including local installers. Consequently, we have no control over sub-distributors.

To the best knowledge of our Directors, during the Track Record Period, all our distributors were independent third parties, and none of our distributors were controlled by any of our former or present employees.

Selection and Management of Distributors

We select our distributors based on a number of factors, including their qualifications, scope of operations, business scale, relevant industry experience and customer service capabilities. We regularly assess the performance of our distributors and leverage the assessment as a basis to determine whether to renew our agreement with a certain distributor. To assist our performance review, we also conduct review of our distributors’ inventory level. We consider various factors for renewing agreements with distributors, including their historical sales, payment record, compliance with the distribution agreement and sales and marketing capabilities.

We also regularly assess their performance and use such assessment as a basis to manage channel stuffing risks and to determine whether to continue our cooperation. To support our assessment, we conduct reviews of their inventory levels, sales target, ordering patterns and other sales-related information to the extent available. We generally reserve the right to impose penalties and terminate the relevant arrangement if they materially breach contractual requirements, including any requirements relating to distribution channels and compliance obligations.

We maintain strict internal control measures to ensure that our distributors are in compliance with applicable laws and regulations and our policies, including our Sales System Management Regulations and Employee Code of Conduct and Assessment Rules. At the same time, we have also implemented robust channel management mechanisms, including anti-cannibalization and anti-channel stuffing measures, to safeguard the integrity and long-term health of our distribution network.

- **Anti-cannibalization.** To prevent channel cannibalization, we conduct comprehensive market research to determine the appropriate number of distributors in each region. We generally work with larger, more established distributors and maintain differentiated pricing tiers across our distribution network to preserve reasonable margin spacing at each level of the chain. On pricing, we provide our distributors with suggested retail prices, which may be updated in response to market conditions. While we do not mandate resale prices, we monitor market pricing and take distributor pricing behavior into account in our periodic performance reviews. Where we become aware of pricing practices that are significantly out of line with market norms, such as unusually aggressive discounting that may undermine other distributors or damage our brand positioning, we reserve the right to take remedial action, including adjustments to distributor ratings and pricing terms or, in serious cases, termination of the cooperation arrangement. We conduct periodic site visits and ongoing market monitoring to oversee distributor sales activities, gather firsthand market intelligence and ensure that our channel management policies are being observed in practice.
- **Anti-channel stuffing.** Although our distributor relationships are based on a buyer-seller model, we have put in place a number of measures to monitor actual sell-through and reduce the risk of channel stuffing. We incorporate distributor inventory levels, sell-through rates, destocking cycles and demand forecasts as key inputs in our shipment scheduling and production planning, and where we identify a buildup of unsold inventory at the distributor level, we adjust shipment volumes accordingly. We also generally require an advance payment upon order placement and full payment before or at the time of delivery, reducing the incentive for distributors to place orders in excess of their actual selling capacity. Distributor inventory and ordering patterns are factored

BUSINESS

into our periodic performance reviews, and we reserve the right to adjust distributor ratings and pricing terms or terminate cooperation where we identify patterns consistent with channel stuffing.

- **Performance monitoring.** We monitor the performance of our distributors against agreed targets. Where a distributor is underperforming against expectations, we engage proactively to provide support, including operational analysis, tailored improvement plans and marketing assistance across online and offline channels.

Arrangement with Our Distributors

In 2023 and 2024, we did not typically enter into long-term or framework agreements with our distributors. Instead, our sales were generally conducted on a transactional basis governed by individual purchase orders. They were governed by standard terms and conditions of sale, which set out key commercial terms, including the applicable Incoterms provisions relating to the transfer of risk and return and exchange policies. Partly as a response to our gross loss attributable to certain legacy inventory as detailed in “Financial Information — Our Gross Loss in 2024,” we began formalizing these arrangements by entering into standard distribution agreements with our distributors starting in 2025. For our key distributors, we maintain a tiered distributor rating system comprising Black Diamond, Diamond and Gold with ratings determined based on factors such as historical purchase volume, sales target achievement, market development performance, compliance with our policies and business expansion plans, and each rating is subject to different pricing policies and payment terms under the relevant distribution agreement. The terms of the agreements vary depending on the distributor rating and the result of our negotiation with each distributor, but these agreements largely follow our standard template for distribution agreements. The table below sets forth the key terms of our distribution agreements:

- **Duration.** Generally one year.
- **Purchase Order and Forecast.** The purchase order typically specifies the shipment schedule, quantity, price and product specifications.

Our Black Diamond, Diamond and Gold distributors are required to submit a written rolling four-month demand forecast every month and place purchase orders accordingly.

For Black Diamond distributors, upon receipt of their forecasts, we begin arranging procurement and production capacity. They may adjust forecasts within the upcoming three-month period, subject to a 15% variance tolerance without affecting price. If the adjustment exceeds that threshold, we may charge storage fees, resell the ordered products to other customers and reduce the distributor’s annual sales rebate.

- **Pricing policy.** Price is generally specified in individual purchase orders. Purchase prices are determined with reference to the distributor’s rating, with Black Diamond distributors generally receiving the most favorable price.
- **Pricing adjustment.** For certain distributors, the Company may adjust purchase prices with at least one month’s prior notice in response to changes in raw material costs, market conditions or prevailing market price trends. Once a price adjustment takes effect, all undelivered orders will be repriced accordingly.
- **Payment and credit terms.** Black Diamond and Diamond distributors are generally granted credit terms of up to 60 days for shipments from European warehouses and up to 90 days for shipments from the PRC, while Gold distributors are generally granted credit terms of up to 30 days for shipments from European warehouses and up to 60 days for shipments from the PRC. Credit terms for other distributors are determined on a case-by-case basis and are generally no more favorable than those granted to Gold distributors.

BUSINESS

- **Rebate.** To incentivize distributors to meet sales targets, we offer performance-based sales rebates to certain distributors, which are treated as variable consideration under IFRS 15 and recognized as a reduction of revenue. According to Frost & Sullivan, such rebate mechanism is an industry norm in the ESS industry and is widely adopted to align distributor performance with supplier growth objectives.

Rebates are generally expressed as a percentage of a distributor’s purchase amount, typically less than 10%. Additional rebates may be granted under special circumstances, such as significant overachievement of sales targets or exclusive cooperation in strategic markets, and are applied against outstanding accounts payable by the distributors.

Sales targets and rebate levels are set on a case-by-case basis, reflecting each distributor’s local market conditions, strategic importance and capabilities. Within 15 working days of each quarter end, we meet with our distributors to review sales performance against targets, evaluate marketing effectiveness, discuss competitor dynamics and agree on remedial measures where targets have been missed and update targets where necessary. All rebate arrangements are reviewed and approved by our Sales and Contract Management Department to ensure alignment with our overall sales strategy and financial discipline and compliance with our internal control policies. Where a distributor falls short of its agreed targets for two consecutive quarters, we reserve the right to downgrade the distributor’s rating (with corresponding adjustments to purchase prices and rebate rates) or terminate the distribution agreement.

At the same time, to further enhance brand visibility and expand market share in certain markets, we may also provide marketing initiative support to our distributors, including through rebates, which shall not exceed 1% of the relevant distributor’s total annual purchase amount.

- **Rights and restriction of distributors.** Unless written consent is given by us, the distributor shall only promote and distribute the designated products within the authorized region.
- **Exclusivity.** Nonexclusive; unless otherwise agreed, we are entitled to engage other distributors to promote and sell the designated products within the authorized region.
- **Transfer of risks.** Risk of loss of or damage to the products generally passes to the distributor upon delivery to the distributor.
- **Minimum purchase requirements.** The distributor is generally subject to sales targets and is required to maintain sufficient inventory to support achievement of those targets, and failure to meet sales targets may result in adjustment of rebates and distributor rating, or termination.
- **Logistics.** The delivery cost and logistics arrangement are generally specified in purchase orders.
- **Returns/exchanges.** The returns/exchanges terms are generally specified in purchase orders.
- **Confidentiality.** These agreements usually have strict confidentiality provisions.
- **Termination and renewal.** Either party may terminate the agreement on at least one calendar month’s written notice, and we may also terminate immediately in specified circumstances or upon an uncured breach following notice.

BUSINESS

As of December 31, 2025, we had entered into distribution agreements with 68 distributors in aggregate whose sales in aggregate generated approximately RMB1,199.1 million, representing approximately 47.5% of our total revenue in 2025, and we are continuing to enter into such agreements with more distributors.

In the past, we entered into certain framework distribution agreements that included a price protection provision, pursuant to which distributors may apply for retroactive price adjustment for delivered products that remain such distributors’ inventory when we make downward adjustment of the price of a particular model. This arrangement is similar to the price concession we granted in connection with certain Legacy Inventory in 2023 and 2024. Where an application is approved, and subject to an ongoing obligation to submit monthly inventory data, we will issue a credit note in the approved amount accordingly. The credit note can be used for future purchases, and corresponding amount of revenue will be deducted in the year when the credit note is issued. Any such application is subject to a stringent internal approval process, including case-by-case review at the management level, and is approved only in exceptional circumstances. As of the Latest Practicable Date, we had entered into agreements containing price protection terms with 26 distributors. In 2025, sales to these 26 distributors accounted for 16.2% of our total revenue. All other distributors are not entitled to any price protection. We have not approved any price protection application or issued any credit notes since entering into these agreements. As part of our ongoing efforts to strengthen distributor management and financial control, we are in the process of phasing out price protection provisions from the existing agreements by way of supplemental agreements or replacement with new distribution agreements. Going forward, any new distribution agreements entered into with our distributors will not contain such terms.

Fluctuation of Distributor Network

The table below sets forth the total number of our distributors and their movement during the Track Record Period.

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Number of distributors at the beginning of the period	185	235	481
Number of new distributors	157	387	300
Number of terminated distributors	107	141	278
Number of distributors at the end of the period	235	481	503

Our distributor base expanded significantly from 185 at the beginning of 2023 to 503 by end of 2025, driven by the rapid market adoption of ESS and our proactive efforts to broaden our customer reach in different new markets. During this period, we onboarded 157, 387 and 300 new distributors in 2023, 2024 and 2025 respectively, reflecting strong market momentum and growing recognition of our product offerings.

We terminated 141 and 278 distributors in 2024 and 2025, respectively, as part of our strategy to optimize our distributor base. In general, when we enter a new market, we initially engage a number of distributors to build coverage and test channel fit, and over time retain those that demonstrate stronger execution and pipelines, commercial commitment and repeat-purchase potential. Distributors that fail to generate satisfactory sales typically do not remain in our network for more than a year. Accordingly, the majority of our revenue from distributors is attributable to a stable group of long-standing distributors. As an example, distributors that had joined our network by the end of 2023 accounted for 47.5% of our revenue from distributors in 2024. In 2025, that same group of distributors, together with those that joined in 2024 and remained in our network through the end of 2025, contributed 71.6% of our revenue from distributors. This reflects the degree to which a selected group of high-quality, long-standing distributors drive the substantial majority of our revenue. At the same time, the addition of new distributors each year presents an ongoing opportunity to broaden our distributor base and deepen our presence across new markets and geographies. This strategic recalibration, while contributing to a moderation in total distributor

BUSINESS

count, is expected to improve the overall quality and sustainability of our distributor base over time. According to Frost & Sullivan, the fluctuations in the number of our distributors during the Track Record Period were consistent with broader industry trends and reflected the evolving commercial dynamics of the ESS markets.

Direct Sale Customers

We sell a portion of our product directly to C&I ESS customers in the Chinese mainland and generally enter into product purchase agreements with our direct sales customers. The terms of these agreements vary depending on the specific product or solution and the result of our negotiation with each customer, but these agreements generally contain the following terms:

Price and Volume	Pricing and volume of the products is generally specified in the product purchase agreements.
Payment and credit terms	Payment and credit terms are negotiated on a case-by-case basis and typically fall into one of three arrangements: full payment upon delivery, payment within 30 to 90 days of delivery or staged installment payments.
Logistics	Delivery is deemed complete upon arrival of goods at the agreed location.
Returns/exchanges	Our customers will inspect the products upon delivery and are generally entitled to return or exchange for products that do not meet their requirements in terms of quality or specifications.

Top Five Customers

In 2023, 2024 and 2025, sales to our five largest customers amounted to RMB515.2 million, RMB211.3 million and RMB609.7 million, accounting for 71.3%, 28.8% and 24.1% of our total revenue in the respective years. The table below sets forth certain information of our top five customers during the Track Record Period, all of whom were our distributors except for Customer H.

For the year ended December 31, 2025

	Customer	Transaction amount <i>(in RMB thousands)</i>	Percentage of revenue %	Year of Commencement of business relationship	Credit Terms	Major products sold
1	Customer A ⁽¹⁾	218,730.1	8.7	2020	Installment payment according to the contract	Residential and C&I ESS
2	Customer B ⁽²⁾	121,733.6	4.8	2024	Installment payment according to the contract	Residential and C&I ESS
3	Customer C ⁽³⁾	104,648.8	4.1	2022	Installment payment according to the contract	Residential and C&I ESS
4	Customer D ⁽⁴⁾	84,097.8	3.3	2024	Installment payment according to the contract	Residential and C&I ESS
5	Customer E ⁽⁵⁾	80,475.9	3.2	2023	Installment payment according to the contract	Residential and C&I ESS

Notes:

- (1) Customer A is a company engaged in manufacturing and distribution of building materials and the development of new materials, as well as related engineering and technical services, located in Beijing, the PRC.
- (2) Customer B is a company engaged in the wholesale distribution of solar photovoltaic products, energy storage systems and related renewable energy equipment, located in Romania.

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BUSINESS

- (3) Customer C is a company engaged in the wholesale distribution of solar energy products and related electrical equipment, located in Australia. We hold an approximately 44.4% equity interest in an investment fund as a limited partner, which in turn holds an approximately 3.9% equity interest in Distributor C.
- (4) Customer D is a company engaged in the wholesale distribution of solar photovoltaic products, energy storage systems and related components, located in the United Kingdom.
- (5) Customer E is a company engaged in the trading of industrial equipment and related products, located in Yemen.

For the year ended December 31, 2024

	<u>Customer</u>	<u>Transaction amount</u> <i>(in RMB thousands)</i>	<u>Percentage of revenue</u> %	<u>Year of Commencement of business relationship</u>	<u>Credit Terms</u>	<u>Major products sold</u>
1	Customer A	89,161.7	12.2	2020	Installment payment according to the contract	Residential ESS
2	Customer F ⁽¹⁾	37,925.7	5.2	2023	Installment payment according to the contract	Residential ESS
3	Customer E	36,192.1	4.9	2023	Installment payment according to the contract	Residential and C&I ESS
4	Customer G ⁽²⁾	24,388.2	3.3	2023	90/120 days against monthly clearing	Residential ESS
5	Customer H ⁽³⁾	23,654.5	3.2	2024	Installment payment according to the contract	C&I ESS

Notes:

- (1) Customer F is a company specializing in the distribution and servicing of electric vehicles and related mobility solutions, headquartered in Poland.
- (2) Customer G is a company specializing in the distribution and supply of solar panels, inverters, and renewable energy solutions, located in Poland.
- (3) Customer H is a company specializing in the research, development, and manufacturing of solar modules and photovoltaic products, located in Anhui, China.

For the year ended December 31, 2023

	<u>Customer</u>	<u>Transaction amount</u> <i>(in RMB thousands)</i>	<u>Percentage of revenue</u> %	<u>Year of Commencement of business relationship</u>	<u>Credit Terms</u>	<u>Major products sold</u>
1	Customer A	335,539.8	46.4	2020	Installment payment according to the contract	Residential ESS
2	Customer I ⁽¹⁾	89,794.4	12.4	2022	Prepayment	Residential ESS
3	Customer G	49,775.4	6.9	2023	Installment payment according to the contract	Residential ESS
4	Customer J ⁽²⁾	26,890.7	3.7	2022	Installment payment according to the contract	Residential ESS
5	Customer K ⁽³⁾	13,215.9	1.8	2022	Installment payment according to the contract	Residential ESS

Notes:

- (1) Customer I is a company specializing in the import and export of photovoltaic products, solar modules, and related renewable energy solutions, located in Jiangxi, China. Its parent company is listed on the NYSE.
- (2) Customer J is a company specializing in the supply and installation of solar panels, photovoltaic systems, and renewable energy solutions, located in Ireland.
- (3) Customer K engaged in the wholesale distribution of photovoltaic systems, energy storage solutions and related renewable energy products, located in Germany.

BUSINESS

Concentration of Our Customers

Our sales to customers were relatively concentrated in 2023, with our top five customers contributing 71.3% of our revenue and our largest customer contributing 46.4% of our revenue in that year. According to Frost & Sullivan, in the ESS markets in which we operate, customers with strong local market access, established channel relationships and strong local installation and after-sales service capabilities typically account for a larger share of product sales. As a result, we often work closely with a selected group of higher-quality customers. We therefore tend to build stable, long-term relationships with distributors that demonstrate strong execution, commercial commitment, who therefore typically contribute a larger proportion of our revenue.

In particular, the relatively high contribution of Customer A, which remained our largest customer in 2024 and 2025, was primarily attributable to our increased sales of ESS products in South Africa, where Customer A served as a key customer in that market.

Based on these industry characteristics and the strength of our established customer relationships, we believe our relationships with our major distributors are mutually beneficial and durable, and that the likelihood of any material adverse change in the near term is low.

Pricing

We price our products based on various factors including raw material costs, production overheads, order volumes, delivery requirements, warranty offered, competitors’ pricing, prevailing market conditions, payment methods and specification of products requested by customers. According to Frost & Sullivan, our pricing for ESS products is generally in line with the prevailing market trend.

Third-party Payment Arrangements

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain customers owed to us in connection with their purchases of our products (“**Third-party Payment Arrangements**”). In the years ended December 31, 2023, 2024 and 2025, the aggregate transaction amounts settled through such Third-party Payment Arrangements accounted for 1.4%, 5.0% and 5.4% of our total transaction amounts for the respective years. The number of customers who settled payments through third-party channels (“**Third-party Settled Customers**”) was 15, 9 and 37 in 2023, 2024 and 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, the majority of third-party payments were accepted in connection with transactions involving our entities in the PRC and the Netherlands. We expect to cease all Third-party Payment Arrangements prior to [REDACTED].

According to Frost & Sullivan, it is not uncommon for distributors of renewable energy products and climate control appliances located outside of the PRC to settle payments to their vendors through third-party payers in order to facilitate payment for convenience and efficiency, particularly for cross-border transactions. To the best knowledge of our Directors, the main reasons for the Third-party Settled Customers to use the Third-party Payment Arrangements were (i) the convenience and efficiency of foreign exchange settlement and (ii) such third-party payers were entities within the same corporate group as, or under common control with, the Third-party Settled Customers who initially made the purchase from us, individuals who were the controlling shareholders of such Third-party Settled Customers or their family members or otherwise had an established business relationship with the relevant Third-party Settled Customers.

The Third-party Payment Arrangements were not intended to circumvent any laws and regulations. All payments we received from the Third-party Payers have been duly recorded in accordance with our accounting procedures and policies. Our Directors confirm that we had not been subject to any inquiry, investigation or administrative penalties by the competent government authorities concerning applicable tax laws and regulations as a result of the Third-party Payment Arrangements.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, (i) we did not provide any discount, commission, rebate or other benefits to any of the Third-party Settled Customers to facilitate or incentivize the Third-party Payment Arrangements; (ii) we had not encountered any disputes with, nor received any refund requests arising from the Third-party Payment Arrangements.

As advised by our PRC legal advisor (i) the risk that our Third-Party Payment Arrangements would be found to violate mandatory provisions of PRC laws and administrative regulations is low, and (ii) the risk that such arrangements would be deemed to constitute money laundering under the PRC Criminal Law is low.

As advised by our Netherlands Legal Advisor, (i) third-party payment arrangements are in principle permissible under Dutch civil law, (ii) the third party payment does not in themselves contravene mandatory provisions of Dutch law relating to payment arrangements, foreign exchange control, anti-money laundering or anti-terrorist financing, and (iii) the Netherlands Legal Advisor is not aware of any pending investigation, enforcement action or dispute by any Dutch regulatory authority in connection with the third-party payment arrangements. Therefore, the risk of us being required under Dutch law to refund amounts received solely by reason of such Third-party Payment Arrangements would be low.

Our Directors have confirmed that the Third-party Settled Customers involved in the Third-party Payment Arrangements during the Track Record Period are independent third parties and, save for being customers of us under the Third-party Payment Arrangements, they did not have any past or current family, business, financing or employment relationship with us, our subsidiaries, our Shareholders, Directors, senior management, or any of their respective associates.

Enhanced Internal Control Measures

To safeguard our interests from risks associated with the Third-party Payment Arrangements, we have adopted various internal control measures (collectively, the “**Enhancement Measures**”) to further regulate and govern such arrangements. Our efforts in this regard included, among others: (i) we implemented internal control policies governing the Third-party Payment Arrangements, which restrict third-party payments, providing, among others, that: (i) (1) we will not accept Third-party Payment Arrangements. In special circumstances where customers have genuine business reasons, in which case we will consider and approve each arrangement on a case-by-case basis and require the relevant customers to comply with our enhanced requirements, including entering into tripartite agreements or tripartite supplemental agreements, which formalize the arrangement by clearly identifying all parties, confirming payment obligations, allocating risks and including representations regarding the genuineness of transactions and legality of funds to mitigate risks, including those related to anti-money laundering. In addition, the customers would ultimately be liable to us for all of their respective obligations and responsibilities; (2) when accepting payments from such third-party payers, we verify the payment details against the information in our records to ensure that such payments are settled through the accounts of the contracting parties to the relevant agreement; (ii) we have started communicating with our distributors regarding the Enhancement Measures with respect to third-party payments, and we have also informed our employees of these policies and the requirement to observe them; and (iii) we have established a periodic review mechanism involving the random sampling of transactions, pursuant to which for selected transactions we require customers to provide documentary proof (such as bank statements or remittance receipts) to verify that the source of funds corresponds to the identity of the customer.

We believe that the Enhancement Measures will not have any material adverse impact on our financial condition and results of operations as a result of the cessation of Third-party Payment Arrangements and the implementation of the Enhancement Measures.

BUSINESS

SEASONALITY

ESS sales in our key markets are subject to seasonality due to a variety of factors, including seasonal demand fluctuations, policy influences, holidays and climate conditions. The pattern and intensity of seasonality vary across different markets. In Europe, for example, customers generally prefer to install ESS products from spring to early fall due to more favorable weather conditions. In South Africa, for example, demand for ESS products is elevated during the delivery window before the winter season. As a result, we typically receive more sales inquiries and order placements during these periods.

SUPPLY CHAIN

Raw Materials

The main raw materials of our ESS products consist of LFP battery cells, sheet metal parts, control modules such as BMS modules, wire harnesses and electronic components.

We mainly source raw materials from the Chinese mainland. Our raw material prices fluctuate due to a variety of factors, including supply and demand dynamics, our ability to negotiate prices with suppliers and others. We usually work with multiple suppliers to reduce risks associated with product supply. We also establish strategic partnerships with certain suppliers to reduce procurement costs and enhance supply chain resilience. During the Track Record Period, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Our Suppliers

Our suppliers are mainly suppliers of raw materials, equipment and logistics services. We have established and maintain stable and long-term relationships with our major suppliers.

Selection and Management of Suppliers

We have established rigorous processes for the selection, evaluation and management of our suppliers to ensure suppliers meet our quality and performance standards. We consider a number of factors during our supplier selection and qualification process, including whether the products or raw materials meet our technical requirements, each supplier’s financial condition, industry reputation, technical certifications, pricing, quality consistency in mass supply and delivery capabilities. For battery cells, which are critical to product performance and safety, we apply even more rigorous qualification and evaluation procedures, including systematic cell teardown analysis, qualification testing and regular sampling inspections, to ensure that battery quality consistently meets our high standards. We carefully assess each potential supplier’s qualifications and credentials, conduct on-site visits to prospective suppliers’ facilities, and carry out relevant audits and quality process reviews, with the results jointly reviewed by our procurement, quality and technical teams before deciding whether to engage them.

We regularly evaluate the performance of our suppliers, focusing on criteria such as delivery capabilities, pricing and product quality, service levels and their compliance with our policies and requirements.

BUSINESS

Arrangement with our Suppliers

We typically enter into supply framework agreements with major suppliers of raw materials, with the price, quantity and specifications of the raw materials specified in individual purchase orders. The major terms of the framework agreements we enter into with our suppliers generally include the following:

Purchase order	We generally place purchase orders with suppliers in writing, specifying the type, specification, unit price, quantity and delivery schedule.
Price	Pricing is determined by the applicable purchase order, with suppliers generally committed to competitive rates and terms.
Inspection and product returns	We generally conduct sample inspections within five days of receipt. Batches failing inspection are subject to full scrutiny. Non-conforming goods may be returned at the supplier’s expense.
Payment and credit terms	Payment is generally due within 30 to 100 days of receiving a valid invoice, following acceptance of goods. A small advance payment may be required in certain cases.
Confidentiality	These agreements usually have strict confidentiality provisions.

Top Five Suppliers

In 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB689.7 million, RMB221.4 million and RMB947.2 million, accounting for 76.3%, 47.0% and 48.4% of our total purchases in the respective periods. In 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB333.2 million, RMB103.1 million and RMB316.0 million, accounting for 36.9%, 21.9% and 16.1% of our total purchases in the respective periods. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period that are required to be disclosed under the Listing Rules.

The tables below set forth certain information of our top five suppliers during the Track Record Period.

For the year ended December 31, 2025

	<u>Supplier</u>	<u>Transaction amount</u> (in RMB thousands)	<u>Percentage of total purchase</u> %	<u>Year of Commencement of business Relationship</u>	<u>Credit Term</u>	<u>Major products sold to us</u>
1	Supplier A ⁽¹⁾	316,026.9	16.1	2022	Installment payment according to the contract	Battery cell
2	Supplier B ⁽²⁾	193,857.0	9.9	2023	Installment payment according to the contract	Battery cell
3	Supplier C ⁽³⁾	165,882.1	8.5	2025	Installment payment according to the contract	Battery cell
4	Supplier D ⁽⁴⁾	156,368.0	8.0	2024	Installment payment according to the contract	Battery cell
5	Supplier E ⁽⁵⁾	115,062.8	5.9	2022	Installment payment according to the contract	Battery cell

BUSINESS

Notes:

- (1) Supplier A is a company specializing in the research, development, and manufacturing of batteries and energy storage solutions, headquartered in Jiangsu, China.
- (2) Supplier B is a company engaged in the manufacturing and supply of rechargeable batteries, solar photovoltaic products, energy storage systems and other new energy technologies, headquartered in Shenzhen, China. It is listed on the HKSE and Shenzhen Stock Exchange.
- (3) Supplier C is a company specializing in the development and manufacturing of power batteries for new energy vehicles and energy storage applications, headquartered in Anhui, China.
- (4) Supplier D is a company specializing in the research, development, and manufacturing of power batteries for electric vehicles and energy storage systems, headquartered in Shanghai, China.
- (5) Supplier E is a company specializing in the research, development, and manufacturing of lithium batteries for consumer electronics and energy storage applications headquartered in Guangdong, China. It is listed on the Shenzhen Stock Exchange.

For the year ended December 31, 2024

	Supplier	Transaction amount <i>(in RMB thousands)</i>	Percentage of total purchase %	Year of Commencement of business relationship	Credit Term	Major products sold to us
1	Supplier B	103,138.3	21.9	2023	Installment payment according to the contract	Battery cell
2	Supplier D	35,881.9	7.6	2024	Installment payment according to the contract	Battery cell
3	Supplier F ⁽¹⁾	30,283.9	6.4	2022	Installment payment according to the contract	Battery cell
4	Supplier G ⁽²⁾	26,612.7	5.6	2022	90 days against monthly clearing	Structural part
5	Supplier H ⁽³⁾	25,448.8	5.4	2023	Installment payment according to the contract	Battery cell

Notes:

- (1) Supplier F is a company specializing in the research, development, and manufacturing of energy storage systems and lithium battery solutions, headquartered in Guangdong, China. It is listed on the Shenzhen Stock Exchange.
- (2) Supplier G is a company specializing in the research, development and manufacturing of sheet metal parts and electronic components, headquartered in Jiangsu, China.
- (3) Supplier H is a company specializing in the research, development, and manufacturing of power batteries and energy storage solutions for electric vehicles and other applications, headquartered in Jiangsu, China. It is listed on the HKSE.

BUSINESS

For the year ended December 31, 2023

	<u>Supplier</u>	<u>Transaction amount</u> (in RMB thousands)	<u>Percentage of total purchase</u> %	<u>Year of Commencement of business relationship</u>	<u>Credit Term</u>	<u>Major products sold to us</u>
1	Supplier A	333,151.2	36.9	2022	Installment payment according to the contract	Battery cell
2	Supplier I ⁽¹⁾	115,015.8	12.7	2022	Installment payment according to the contract	Battery cell
3	Supplier J ⁽²⁾	102,346.6	11.3	2022	90 days against monthly clearing	BMS
4	Supplier K ⁽³⁾	73,145.5	8.1	2022	Installment payment according to the contract	Battery cell
5	Supplier E	66,021.7	7.3	2022	Installment payment according to the contract	Battery cell

Notes:

- (1) Supplier I is a company specializing in the research, development and manufacturing of power batteries for electric vehicles and energy storage systems, headquartered in Hunan, China.
- (2) Supplier J is a company specializing in the research, development, and manufacturing of lithium batteries and related materials, headquartered in Jiangsu, China. One of our [REDACTED] investors holds approximately 41.6% equity interest in supplier J.
- (3) Supplier K is a company headquartered in Fujian, China, specializing in the research, development, and manufacturing of lithium batteries for consumer electronics and energy storage applications. Its parent company is listed on the HKSE and Shenzhen Stock Exchange.

Concentration of Our Suppliers

Our purchases from suppliers were relatively concentrated during the Track Record Period, with our top five suppliers accounting for 76.3%, 47.0% and 48.4% of our total purchases in 2023, 2024 and 2025, respectively. We believe this concentration does not indicate undue reliance on our suppliers. Battery cells are a critical raw material for our ESS products, and we source them only from selected, industry-recognized suppliers that meet our stringent standards for quality, safety, consistency and long-term performance. Given the importance of battery cell quality to the reliability and safety of our products, we maintain a disciplined supplier qualification process and generally do not diversify procurement beyond suppliers that have satisfied our technical and commercial requirements. According to Frost & Sullivan, it is common in the ESS industry for manufacturers to rely on a relatively concentrated group of qualified battery cell suppliers. Our relationships with key battery cell suppliers are also mutually beneficial, as our growing procurement volumes and long-term cooperation provide them with a stable customer relationship and a recurring source of revenue.

The relatively high concentration in 2023 was primarily attributable to the early stage of our business development. As our business expanded and procurement volume increased, our supplier base broadened, which reduced the degree of concentration in 2024 and 2025. We believe our supplier concentration is consistent with the characteristics of our industry and our procurement strategy, and that the likelihood of any material adverse change in the near term is low.

BUSINESS

Overlapping Customers and Suppliers

During the Track Record Period, certain of our top five distributors were also our suppliers, and certain of our top five suppliers were also our customers, details of which are explained below.

During the Track Record Period, Supplier D, one of our five largest suppliers in 2024 and 2025, was also our customer in 2024. We sold a small quantity of products to Supplier D for testing purposes, and sales of those products represented less than 0.01% of our revenue for that year.

Supplier J, one of our five largest suppliers in 2023, was also a customer of ours in the same year. We sold a small quantity of products to Supplier J for testing purposes, with the relevant sales accounting for less than 0.01% of our total revenue for that year.

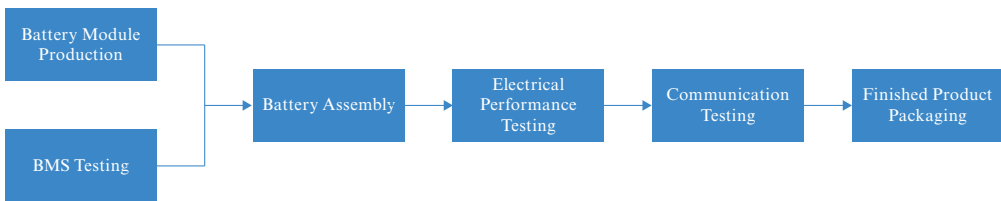
Customer G, one of our five largest customers in 2023 and 2024, was also our supplier in 2024. Our purchases from Customer G amounted to RMB7.6 million in 2024. Certain of our products experienced stronger demand in Europe, while market demand for those same products in South Africa was relatively limited. We therefore repurchased from Customer G certain products that we had previously sold to it.

Our sales to and purchases from Supplier D, Supplier J and Customer G were conducted in the ordinary course of business and on normal commercial terms on an arm’s length basis.

PRODUCTION

Production Process

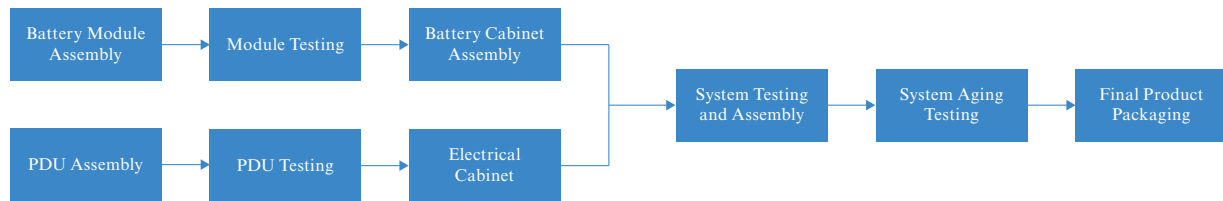
ESS Battery



- *Battery Module Production:* We produce battery modules using battery cells sourced from our suppliers, which are then configured in series based on different product requirements.
- *BMS Testing:* Our proprietary BMS undergoes 100% testing prior to deployment to ensure its reliability and operational integrity.
- *Battery Assembly:* Core components such as modules, protection boards, and casings are integrated through a series of processes to form a safe and reliable battery product.
- *Electrical Performance Testing:* Each product undergoes safety compliance testing, aging tests, individual battery cell voltage testing, and differential voltage confirmation.
- *Communication Testing:* Product communication testing, WiFi module information testing, and version information testing are performed to ensure normal product communication.
- *Finished Product Packaging:* Each product undergoes automated packaging and protective film wrapping, with accessory selection customized to client specifications.

BUSINESS

*All-in-one ESS**



*Note: Using DH800Y as an example

- *Battery Module Assembly:* Battery cells are assembled into a battery module through series and parallel configurations. This process generally includes cell welding or connection, as well as the installation of BMS sampling harnesses.
- *Module Testing:* The assembled battery modules undergo functional and safety testing, which generally includes BMS communication testing and insulation withstand voltage testing.
- *Battery Cabinet Assembly:* Multiple battery packs are installed and secured within a battery cabinet framework, with necessary wiring connections completed to form an integrated battery system.
- *PDU Assembly:* Key components, including BMS, fuses, circuit breakers, contactors, busbars, and PCS, are assembled into a power distribution unit module.
- *PDU Testing:* The PDU modules are subject to functional and safety testing, which generally includes on/off functionality, insulation withstand voltage testing, and signal acquisition verification.
- *Electrical Cabinet Assembly:* The PDU and liquid cooling unit are integrated into an electrical cabinet.
- *System Testing and Assembly:* The assembled battery cabinets and electrical cabinets are connected to form a complete system, which then undergoes overall functional and safety testing.
- *System Aging:* The integrated system is typically subjected to continuous charge and discharge cycling tests to evaluate key parameters, including component temperatures, battery performance, and overall system performance.
- *Final Product Packaging:* Upon successful completion of testing and aging processes, the system is cleaned, packed, and prepared as a finished product.

BUSINESS

Production Facilities

We manufacture our ESS products in our production facilities in Suzhou, Jiangsu, Taizhou, Jiangsu and Zhuhai, Guangdong, PRC. Our production lines are designed to be compatible with the production of different ESS products. The following table sets forth certain information regarding our production centers as of December 31, 2025.

<u>Production center</u>	<u>Primary products</u>	<u>Year of establishment</u>	<u>Total gross floor area</u> (m^2)
Suzhou, Jiangsu, PRC (Phase II)	C&I ESS, Residential ESS	2025	33,750
Suzhou, Jiangsu, PRC (Phase I)	Inverters, Residential ESS	2023	5,429
Taizhou, Jiangsu, PRC	Residential ESS	2020	25,082
Zhuhai, Guangdong, PRC*	C&I ESS	2023	20,725

Note:

* The production center in Zhuhai was acquired on December 30, 2025

Set forth below are photos of our production centers.



BUSINESS

Production Center	Year ended December 31,					
	2023		2024		2025	
	Capacity ⁽¹⁾ (GWh)	Utilization ⁽²⁾ %	Capacity (GWh)	Utilization %	Capacity (GWh)	Utilization %
Taizhou, Jiangsu, PRC	1.0	90.8	1.2	60.3	2.9	84.3
Suzhou, Jiangsu, PRC ⁽³⁾	—	—	0.0	5.7	0.2	76.1
Total⁽⁴⁾	1.0	90.8	1.2	58.5	3.1	83.7

Notes:

- (1) Production capacity is calculated based on the following assumptions: (i) all our production lines and equipment operating in their full capacity, (ii) automated production lines are staffed with on-line operators, running 10 hours a shift, 2 shifts a day and 312 days a year, and (iii) testing equipment is operated by off-line monitoring personnel, running 12 hours per shift, two shifts per day and 312 days per year.
- (2) Utilization rate is calculated by dividing the actual number of units produced in the period by the production capacity of the period.
- (3) The production center in Suzhou had no large-scale production capability in 2024 and was used exclusively for R&D and testing purposes. In 2025, a new production line was introduced at the production center.
- (4) The production center in Zhuhai was acquired on December 30, 2025 and is therefore not included.

Excluding our Zhuhai Production Center, our designed annual production capacity reached 3 GWh as of December 31, 2025. The above table sets forth the production capacity and utilization rate for our main product categories for the periods indicated.

In addition to our in-house manufacturing operations, we engage a limited number of third-party contract manufacturers to produce selected products in order to meet peak demand efficiently for certain residential low-voltage ESS batteries and C&I ESS batteries. In selecting contract manufacturers, we generally supply key raw materials, such as LFP battery cells, insulation and thermal interface materials copper, aluminum and other metal-related products, BMS components and related electronic components, which apply rigorous evaluation criteria encompassing manufacturing scale and capacity utilization, technical and process capability, product quality and consistency, track record of on-time delivery, compliance with applicable safety and industry standards, and cost competitiveness. Our arrangements with these third-party contract manufacturers are typically governed by framework agreements and purchase orders.

At the same time, we engage a limited number of third-party ODM partners to support the production of certain to-C residential ESS products, with revenue attributable to such arrangements accounting for less than 1% of our total revenue during the Track Record Period. We use these ODM arrangements primarily to supplement our product offering for specific customer or market requirements and achieve lower unit production costs. We select ODM partners based on factors including their product development and manufacturing capabilities, quality control standards, delivery performance, industry reputation and pricing competitiveness. Our arrangements with these ODM partners are typically documented under framework agreements or purchase orders, which set out the relevant product specifications, quality requirements, delivery schedules and pricing. We generally supply the raw materials to the ODM partners in accordance with agreed technical and quality standards, while the ODM partners are responsible for manufacturing the products in compliance with our product and quality requirements.

BUSINESS

Production Planning

We typically plan our production on a monthly basis, taking into account actual orders received, customers’ demand forecasts, anticipated market trends, inventory levels, export logistics, and our production cycles and estimated production lead times. We continuously review our production plans and utilization rates, update our production plans on a monthly basis and implement them on a monthly basis, pursuant to the utilization rate of our factories in the preceding week and the rolling forecasts of customer orders, expected utilization rates and changes in inventory levels. We also strategically plan our production in advance to prepare for increases in customer orders.

Equipment and Machinery

Major equipment and machinery used in our production processes include automated assembly lines with laser welding for residential ESS and C&I ESS battery modules, low-voltage burn-in test chambers, high-voltage burn-in test chambers, and BMS tester. We generally purchase the equipment from industry leading suppliers. We work with and require our suppliers to provide equipment that meet our requirements and quality standards. We regularly inspect and maintain the material equipment and machinery used in our production processes and replace worn consumable parts and components. Our major production equipment and machinery have an estimated average useful life of ten years.

Inventory Management

Our inventories mainly include raw materials, work-in-progress, finished goods and goods in transit. Our inventory management department conducts a monthly check and makes any necessary adjustments to our production plan and to determine whether corresponding changes are required to our procurement plan and raw material call-off plan. We generally maintain raw material inventory sufficient to support approximately one week of production activities. We also conduct inventory aging analysis periodically to reduce the risk of inventory obsolescence and employ our warehousing system to track and manage our inventory aging status. Our inventory management strategy also applies to our ODM partners. In most cases, raw materials are supplied directly by us, and production plans are scheduled by our planning department.

As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB812.5 million, RMB511.1 million and RMB781.1 million. Our inventory turnover days in 2023, 2024 and 2025 are 334 days, 271 days and 120 days.

Logistics

Our products are usually stored in our own warehouses located in our production centers before they are delivered to our customers. We primarily use third-party logistics service providers for the delivery of finished goods from our production centers and warehouses to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their performance and compliance with our requirements to ensure smooth delivery of products to customers. We usually enter into agreements with our logistics service providers on an annual basis.

BUSINESS

WARRANTY, PRODUCT RETURN AND AFTER SALES SERVICES

Subject to product type, applicable local laws and regulations and market practice in the jurisdictions in which we operate, we provide a five- to ten-year warranty for our residential ESS and C&I ESS products. For certain products, customers may purchase extended warranty coverage for an additional fee. According to F&S, it is in line with prevailing industry practice. Our warranties cover product or parts replacement, repairs, calibration and other services. We make provisions for warranties based on our best estimate of the expected claims. See “Appendix I — Accountants’ Report” for details. As of December 31, 2023, 2024 and 2025, we recorded provisions of RMB20.4 million, RMB26.3 million and RMB55.9 million, respectively.

We have devised a standard operation procedure for customer service. We collect and record customer feedback and complaints from different channels and make timely responses in order to achieve customer satisfaction. These procedures include:

- *Service standardization:* Our after-sales services are led by our in-house after-sales team and delivered in conjunction with a network of distributors, installers and local service providers. We have established standardized service processes and training programs to ensure consistency of service quality across different markets. We also apply performance management to our service providers and regional after-sales teams to maintain service response times and customer experience standards.
- *Spare parts network:* We have deployed spare parts warehouses across major markets, to enable rapid local fulfillment and shorten customer service times.
- *Digitalized after-sales management:* Following installation, users can register their warranty and monitor product performance in real time through our app. We have developed a proprietary digital after-sales service system through which customers can submit queries or requests. The system centralizes incoming requests and automatically assigns them for handling, improving response efficiency and customer experience. Beyond managing service requests, the system continuously collects device operational data, fault records and user feedback, which we analyze to generate quality improvement insights that feed directly into our product R&D and manufacturing processes, helping us improve product reliability and performance over time. The system also identifies recurring failure patterns and uses them to build a dynamically updated fault case library, giving end users a practical reference for self-troubleshooting and providing our after-sales personnel with better diagnostic support.

We accept returns of our products for defects. We have not received any requests for returns during the Track Record Period which individually or in aggregate had a material adverse effect on our business and financial condition. In addition, during the Track Record Period, we had not experienced any product recall that adversely impacted on our reputation, business operations or financial condition.

QUALITY CONTROL

We believe that product quality is the cornerstone of our business operations and sustainable growth. We are committed to delivering products that meet the highest industry standards and exceed customer expectations. Our comprehensive quality control and quality assurance systems are integrated into our R&D and every stage of our production process, ensuring consistent and reliable production and delivery of high-quality products through structured reviews, prototype testing, customer validation and pilot production controls. In particular, we source battery cells only from industry-recognized producers with stringent qualification standards. Our battery cell suppliers are subject to a rigorous and lengthy validation process to assess quality and safety of their products before they are approved for use in our products.

BUSINESS

We have established an ISO9001-certified quality management system. We conduct regular internal audits and management reviews of our quality control systems to promptly identify and address potential issues, ensuring continuous improvement and refinement of our quality control systems. In addition, our products have obtained certifications from recognized testing and certification bodies, including TÜV, CQC and CSA, further demonstrating the quality and safety of our products.

To ensure product quality, we have a quality control department dedicated to implementing quality control measures throughout the entire production cycle, including raw material inspection, in-process quality control and final product inspection.

Our quality control procedures and processes cover our entire production process to ensure that our product quality meets the expectations and imposes requirements after each critical process. Yield rate is the critical indicator we monitor during each of our critical production processes.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we conducted certain transactions between our Group entities in the ordinary course of our business.

Sales of Finished Goods

To facilitate our sales globally and expand our market reach, two of our entities sold finished goods to eleven of our domestic entities and overseas subsidiaries for onward sale to external customers during the Track Record Period.

Our transfer pricing policy for the sale of finished goods requires that prices are determined through negotiation between the transacting parties. This negotiation takes into account various factors, including local market conditions, prices of competitive products and other relevant market dynamics, with the objective of allowing each entity to retain a reasonable profit margin.

Intra-group Allocation of Goods

To enhance operational and supply chain efficiency, we undertook intra-group allocations of goods during the Track Record Period, which included the allocation of production materials and finished products among three of our entities to ensure procurement timeliness and optimize production schedules. Allocations of finished goods also occurred between our overseas subsidiaries to manage inventory levels and effectively meet specific customer orders when local stock is unavailable. The pricing for these allocations is determined by mutual agreement, with reference to third-party market prices.

Procurement of Third-party Testing Products

To support product testing and evaluation needs, one of our overseas sales subsidiaries procured certain third-party products from the open market, undertook the related purchasing and export arrangements and sold such products to one of our domestic entities. These transactions were conducted on a pass-through basis, with transfer prices equal to the acquisition costs incurred by the originating entity, and no material margin was retained.

Based on the foregoing, the Directors are of the view that all the Group’s intra-group transactions were consistent with the arm’s length principle and our transfer pricing practice did not have any material non-compliance issues.

INTELLECTUAL PROPERTY

Our research and development efforts have produced 244 patents, 157 registered trademarks and 41 copyrights as of the Latest Practicable Date. See “Appendix IV — Statutory and General Information — Further Information about the Business — Intellectual Property” for details.

BUSINESS

Throughout our R&D process, we proactively advance our intellectual property portfolio through the filing of invention and utility model patents. These intellectual properties cover our production processes as well as the design of our products.

We rely on a combination of intellectual property protections laws and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights.

Our ESG department is primarily responsible for protecting our intellectual property. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual property and trade secrets. Despite our efforts, we may be subject to risks associated with alleged infringement of third parties’ intellectual property rights, or infringement of our intellectual property rights by third parties. See “Risk Factors — Risks Relating to Our Industry and Business — Our business depends on our ability to obtain, protect and enforce our intellectual property rights” for details.

During the Track Record Period, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties were the subject of, or to the best of the Directors’ knowledge, is expected to be subject to, any disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social and Governance

We are committed to integrating ESG considerations into our strategic planning and daily operations as part of our pursuit of sustainable long-term development. We have established an ESG governance structure, with our Board as the highest decision-making body for ESG affairs of the Group, including developing ESG strategic goals, reviewing and approving ESG policies, identifying and evaluating ESG risks and opportunities, establishing appropriate ESG and climate risk management mechanisms and internal monitoring systems and overseeing ESG performance. Following the [REDACTED], we plan to establish a dedicated ESG committee to further assist the board in its ESG decision-making.

At the management level, we have established an ESG working group whose responsibilities include developing ESG policies, coordinating ESG efforts across relevant departments and overseeing the implementation, assisting the board in identifying and assessing ESG risks and opportunities, tracking and evaluating ESG progress, performance and related risks on an ongoing basis and monitoring external regulatory developments relevant to ESG and the Group’s compliance status.

ESG Risk Management

We place significant emphasis on ESG risk management. We require each department to identify environmental and social risks that may arise in its day-to-day activities and to implement appropriate mitigation measures. Our ESG risk assessment framework assesses each risk based primarily on the severity of its potential impact and the likelihood of its occurrence.

We have identified ESG-related risk factors across the environmental, social and governance dimensions and have implemented targeted mitigation measures to reduce the likelihood and impact of those risks.

Environmental Matters

Resource Utilization

We have established an energy conservation and emission reduction task force to coordinate and promote energy saving and consumption reduction work. One of our subsidiaries had obtained certification as a Green Factory of Jiangsu Province in December 2023.

BUSINESS

The table below sets out our energy usage during the Reporting Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Purchased electricity	kWh	1,394,850.7	2,375,875.1	4,184,084.8
Petrol	Tons	59.4	63.8	76.1
Total energy consumption ⁽¹⁾	MWh	2,106.0	3,139.4	5,094.7
Comprehensive energy consumption per unit of product ⁽²⁾	MWh/Annual Production (GWh)	2,368.4	4,470.8	1,957.2

Note:

1. Total energy consumption: calculated with reference to the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589–2020) issued by the State Administration for Market Regulation and the Standardization Administration of China.
2. The variance of comprehensive energy consumption per unit of product and GHG emissions per unit of product is as follows: (1) the increase in 2024, as compared to that of 2023, was due to the upgrading of high-power, high integration, and long cycle energy storage systems, resulting in longer time required for testing, aging, verification, and other process and thus more energy consumption; (2) the decrease in 2025, as compared to that of 2024 was due to the improved utilization rate of production capacity, as a result of fast business expansion.

We implement quota controls for electricity and water consumption, conduct regular inspections of the pipe network, and carry out early warnings and rectification for excessive consumption. We have also introduced self-developed and self-produced energy storage systems into our own operations, regulating charging and discharging strategies to reduce peak electricity demand. The table below sets out our water usage during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Total water consumption	Ton(s)	6,963.0	33,991.0	53,581.0
Total water consumption intensity	tons/annual production (MWh)	7.8	48.4	20.6

During the Track Record Period, no hazardous waste was generated in our production and operation processes. The non-hazardous waste generated mainly consisted of general industrial solid waste such as centralized boxes, foam and pallets. Non-hazardous waste is collected centrally, sorted, and managed in a unified manner before being periodically transferred to licensed recycling facilities for disposal. We standardize material requisition and packaging management in our daily operations to minimize waste generation.

During the Track Record Period, our production process did not generate waste gas or production wastewater, while production noise was generated by equipment operations. We have adopted structural isolation measures for noise reduction, including architectural acoustic insulation and spatial isolation, to ensure that noise at the plant boundary complies with regulatory requirements. The waste gas generated at our Zhuhai factory, consisting primarily of particulate matter and non-methane total hydrocarbons, is treated by a dust removal system and discharged through standardized exhaust stacks in compliance with applicable regulations.

Climate Change

We closely monitor the risks brought by climate change, comprising transition risks arising from the transition to a low-carbon economy and physical risks arising from extreme weather events. We have integrated climate risk management into our overall corporate risk management mechanism, forming a closed-loop system comprising risk identification, risk assessment, risk

BUSINESS

response, monitoring and reporting, and audit and improvement. For physical risks, we focus on operational continuity at our manufacturing bases and have implemented emergency response protocols for extreme weather events. For transition risks, we monitor policy and regulatory developments, including the PRC’s dual carbon targets and assess their implications for our energy procurement, product requirements and supply chain.

The table below sets out our greenhouse gas emissions during the Track Record Period:

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Direct GHG emissions (Scope 1) ⁽¹⁾	tCO ₂ e	178.4	191.6	228.5
Indirect GHG emissions (Scope 2) ⁽²⁾	tCO ₂ e	740.1	1,260.6	2,220.1
Total GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	918.5	1,452.2	2,448.5
Total GHG emissions (Scope 1 and Scope 2) intensity	tCO ₂ e/annual production (MWh)	1.0	2.1	0.9

Notes:

- (1) Direct GHG emissions (Scope 1): petrol consumption multiplied by the corresponding emission factors referenced from the China Energy Statistical Yearbook and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- (2) Indirect GHG emissions (Scope 2): purchased electricity consumption multiplied by corresponding emission factors referenced from the Announcement on the Publication of 2023 Electricity Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment and Bureau of Statistics.

Social Responsibilities and Corporate Governance

Employment Management

Our Employee Handbook sets out our employment management policies and is supplemented by regular training sessions to ensure staff understanding and compliance. We recruit through a range of channels and conduct identity verification as part of our onboarding process. The employment of minors under the age of 16 is strictly prohibited. We maintain several employee feedback mechanisms, including monthly check-in interviews with new hires during their first six months of employment, an online suggestion channel and direct complaint channels to line manager or HR. We provide employees with benefits including medical examinations, holiday gifts and team-building activities to enhance well-being.

We have established a comprehensive training system governed by our Training Management System and the Management Measures for On-the-job Training of Front-line Staff. Training covers corporate culture, new employee orientation, production safety, professional techniques and general skills, delivered through combined online and offline methods, as well as external training seminars and lectures, to all employees.

Product Responsibility and Customer Complaint Management

We maintain a standardized, traceable quality and service system covering the full lifecycle of energy storage products, encompassing multi-stage quality assurance (incoming materials, process control, shipment checks, traceability and corrective actions). Customer complaints are handled through unified channels, such as hotline, email, app portal and on-site support, under a standardized process with defined timelines, supported by monthly review and improvement.

BUSINESS

Supply Chain Management

Supply chain management is governed by our Procurement Management Procedures, Supplier Management Procedures and Framework Agreement for Procurement of Raw Materials. We apply tiered supplier management, conduct monthly and annual assessments and joint audits with stricter controls for high-risk suppliers. Environmental requirements, including regulatory compliance checks, hazardous substance standards, and the use of eco-friendly materials, are incorporated at every stage.

Integrity and Anti-Corruption

Integrity and anti-corruption obligations are enforced through various regulatory documents. Suppliers sign integrity agreements, procurement is fully monitored, violations result in penalties or blacklisting, and whistleblowing channels are in place.

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. They support the standardized and consistent execution of our operating processes, provide digital tools to support management and decision-making, improve operating efficiency and help safeguard data and information security. Our key information technology systems are set forth below:

- Customer Relationship Management (“**CRM**”) system. Our CRM system standardizes the way we manage customer information and execute sales processes. It helps our sales teams track leads and opportunities more effectively, respond to customers more quickly and support compliant sales practices while improving market development efficiency. It also includes encryption and other safeguards to protect customer data.
- Enterprise Resource Planning (“**ERP**”) system. Our ERP system serves as a collaboration platform that standardizes cross-functional processes and data and supports seamless coordination among key functions, including R&D, production and finance. It consolidates operating data in real time to support timely management decision-making. It also includes tiered access controls designed to protect the security and confidentiality of key operating data while enabling efficient collaboration.
- Supplier Relationship Management (“**SRM**”) system. Our SRM system standardizes supplier onboarding, procurement execution and supplier performance management. It improves efficiency through demand forecasting, inventory management and information sharing with suppliers, which can help reduce supply chain costs while supporting timely material supply and balancing process discipline with operational flexibility.
- Manufacturing Execution System (“**MES**”). Our MES standardizes workflows for production, equipment maintenance and quality inspection and supports standardized control across key stages of manufacturing. By collecting production data in real time, it optimizes production scheduling, manages quality risks and supports manufacturing in compliance with applicable requirements while improving operating efficiency.
- Warehouse Management System (“**WMS**”). Our WMS standardizes the warehousing processes, including goods receipt, dispatch, inventory counting and bin management, enabling precise and coordinated management of materials and finished goods. The system connects with our ERP to receive inbound and outbound instructions and drives on-site execution through mobile terminals, giving our warehouse team real-time visibility into inventory status and enabling them to optimize bin allocation and picking routes. It also enhances quality control through batch tracking and traceability functions, reducing inventory loss and the risk of mis-shipment.

BUSINESS

- Product Lifecycle Management (“PLM”) system. Our PLM system standardizes our R&D processes and the management of technical deliverables. It maintains product and bill of materials master data and includes a preferred component library designed to support materials standardization and improve efficiency across both R&D and supply chain operations. It also includes safeguards designed to protect key technical data and reduce the risk of intellectual property leakage.
- Integrated digital after-sales system. Our integrated digital after-sales system digitalizes and standardizes the after-sales process, covering customer fault reporting, work order dispatching, repair progress tracking, spare parts management and service quality feedback. This system enables our in-house after-sales team to receive and process customer requests more efficiently, track work order status in real time and reduce average response times. It also accumulates historical service data that informs process improvements and product development. With built-in support for remote diagnostics, knowledge base sharing and mobile operations, it empowers frontline technicians to diagnose and resolve issues quickly, improving first-time fix rates across our global service network.
- HR system. Our HR system standardizes key HR processes, including recruitment, compensation and performance management, to support fair and compliant human resources practices. It automates routine administrative tasks to reduce manual processing and improves the accuracy and completeness of HR data.

The capabilities and the stability of our IT infrastructure are vital to our business operations. Our IT and Process Department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or general breakdown of our IT systems which had resulted in a material adverse impact on our overall business operations.

DATA PRIVACY AND CYBERSECURITY

We collect and store business, operational and transaction data generated in the course of, or in connection with, our business operations, including data relating to our transactions with customers, suppliers and other counterparties, as well as data relating to equipment. For devices that operate without being connected to our systems, any operating data on such devices is stored locally and managed solely by the user and is not accessible to us. Where a user chooses to connect a device to our systems and grants explicit authorization, we collect the operating data necessary to deliver core services, with the specific data collected varying by device type. Personal data of customers, including email addresses, which are the only mandatory information we collect, as well as any additional information customers voluntarily provide, is stored in regional cloud service data centers. For further details on potential regulatory risks associated with data security and cybersecurity, see “Risk Factors — Risks Relating to Our Industry and Business — Failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.”

To ensure the confidentiality and integrity of our data, we pay close attention to compliance with all applicable data security laws, including the European GDPR. We believe we maintain stringent data security and compliance policies that set out, among other things, procedures for the establishment and management of our data security systems, the responsible personnel, the classification of information and information security and access controls. We protect the data rights of our customers, including rights of access, rectification, objection, restriction of processing and erasure.

BUSINESS

We have implemented a data compliance and security framework that combines internal governance and procedures with technical controls. Our information systems have obtained China’s Multi-Level Protection Scheme (MLPS) Level 2 certification. We have implemented security controls such as firewalls and data backup measures, and we carry out regular vulnerability scanning and remediation to enhance our network defenses. We also maintain end-to-end data access management, supported by tiered access controls, encryption and log monitoring, and we have established incident response plans to enable prompt handling of cybersecurity and data security incidents. In addition, we provide ongoing data security training for employees, including as part of onboarding, to ensure they understand our data security policies and their responsibilities in terms of data protection.

Our IT and Process Department is responsible for developing and implementing our policies and procedures relating to cybersecurity and data security. As advised by our PRC Legal Advisors, during the Track Record Period, we had complied with applicable laws and regulations related to cybersecurity and data protection in all material aspects.

PROPERTIES

As of December 31, 2025, we operated our business through ten leased properties in China and five leased properties overseas. We primarily use these leased properties as production and research facilities, office premises, warehouses and employee residences.

As of the Latest Practicable Date, leasing agreements of one lease property had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. As advised by our PRC Legal Advisor, according to the PRC Civil Code, failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements. However, the relevant PRC authorities may impose a maximum fine of RMB10,000 for each unregistered lease, if we fail to rectify the non-compliance within the time frame prescribed by the relevant authorities. The aggregate amount of the maximum fine would be approximately RMB10,000, which our Directors believe will not have any material adverse impact on our business operations.

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (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 or buildings.

BUSINESS

EMPLOYEES

We believe that our long-term growth depends on the expertise, experience and development of our employees. As of December 31, 2025, we had a diverse workforce of 938 full-time employees, including 50 foreign nationals from over 20 countries, with 66 employees based overseas. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	As of December 31, 2025	
	<i>Number</i>	<i>%</i>
Production and Quality Control	417	44.5
Sales and Marketing	223	23.8
R&D	166	17.7
Finance and Administrative	63	6.7
Supply Chain Management	69	7.4
Total	938	100.0

We enter into individual employment contracts or services agreements with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees’ compensation is determined with reference to their job positions, technical skills, job performance and competition. We have various employee training programs that aim to enhance our employees’ technical skills and innovation capability.

Some of our employees are represented by a union or collective bargaining agreements. Our Directors consider that our Group has maintained a good relationship with our employees. During the Track Record Period, there was no material dispute between our Group and our employees, and we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

During the Track Record Period, we made social insurance and housing provident fund contributions for our employees in accordance with PRC laws and regulations and local practices. During the Track Record Period, we had certain shortfalls in our statutory contributions in the PRC. For reasons therefor and the laws and regulations related thereto, see “Risk Factors — Risks Relating to Our Industry and Business — Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions” for details. As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty on us with respect to this non-compliance incident. As of the Latest Practicable Date, we were not aware of any material arbitration or material litigation filed by any of our employees regarding our social security insurance and housing provident fund policy. Our PRC Legal Adviser is of the view that, on the premise that there are no material changes in the current relevant policies and regulations regarding social insurance and housing provident funds and the enforcement and supervision requirements of local governments, and that no mass complaints or reports occur or relevant litigation or arbitration is initiated by employees, the risk that the Company and its relevant PRC subsidiaries will be centrally required by the competent social insurance and housing provident fund authorities to make up for the contributions and be subject to material administrative penalties due to the aforementioned non-compliance during the Track Record Period is remote.

BUSINESS

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors, which could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

COMPETITION

According to Frost & Sullivan, the ESS market is highly competitive. To maintain and grow our business, we must continue to meet our customers’ requirements and deliver differentiated, high-performance products that meet their evolving needs. We believe our global footprint, differentiated product portfolio and ability to adapt products to local market requirements position us well to compete effectively in this market. See “Industry Overview” for details relating to our competitive landscape.

LICENSES, PERMITS AND APPROVALS

We are required to obtain or maintain various licenses, permits and approvals in order to operate our business. We believe we have all material licenses, permits and approvals necessary in order to operate our business. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and do not expect there to be any material difficulties in renewing them upon their expiry.

INSURANCE

We maintain product liability insurance, property insurance covering our machinery, equipment and inventories and export credit insurance for our trade receivables. In addition, we have purchased global cargo insurance and overseas warehouse property insurance to cover risks arising during transportation and other potential logistics-related issues. We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to Our Industry and Business — Our insurance might be insufficient to cover full business risks, which could negatively impact our financial condition and results of operations” for details.

During the Track Record Period, we had not made, and were not the subject of, any insurance claims which are material to our business or financial condition.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See “Risk Factors” for a discussion of these risks.

The Board of Directors and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our

BUSINESS

risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have implemented or will adopt upon [REDACTED] a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct and (vi) compliance with the Listing Rules.

Under our risk management and internal control policies, the Board oversees risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems.

In January 2026, we engaged an independent consulting firm to perform a review over our internal control. The key areas of inspection include corporate level governance, financial reporting and disclosure, sales, accounts receivable and collection management, procurement and payable management, production, cost, and inventory management, research and intangible asset management, human resources and remuneration management, fixed asset management, fund management, insurance management, investment management, budget management, related transaction management, tax management, contract and seal management, and information system control.