
INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy (the “CIC Report”). We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the [REDACTED]. Information and statistics from official government sources have not been independently verified by us, the Sole Sponsor, [REDACTED], any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED] and no representation is given as to their correctness or accuracy.

OVERVIEW OF ALLOY SOFT MAGNETIC POWDER-BASED PRODUCTS INDUSTRY

Definition and Classification of Alloy Soft Magnetic Materials

Alloy soft magnetic materials are soft magnetic materials built upon multi-component alloy formulations comprising a series of alloying elements such as iron, silicon, aluminum, chromium, nickel and molybdenum. Alloying elements modify the microscopic crystalline phase structure, electrical resistivity and magnetization properties of such materials, enabling them to deliver higher saturation magnetic flux density, lower core loss under high-frequency conditions and superior stability under high-temperature conditions, compared to the other soft magnetic materials such as ferrite soft magnetic materials.

Classified by physical morphology, alloy soft magnetic materials can be categorized into alloy soft magnetic powders, alloy soft magnetic strips and other forms. The alloy soft magnetic powders are formed through high-temperature alloying of multiple metallic elements, followed by atomization or ball milling fragmentation. Aligned with the Company’s core product portfolio, this section focuses on the alloy soft magnetic powder related industry.

Definition and Industrial Chain Analysis of Alloy Soft Magnetic Powder-Based Products Industry

Alloy soft magnetic powder-based products are products manufactured from alloy soft magnetic powders, which primarily includes 1) alloy soft magnetic powder cores and 2) magnetic components including AI chip inductors and wound power inductors.

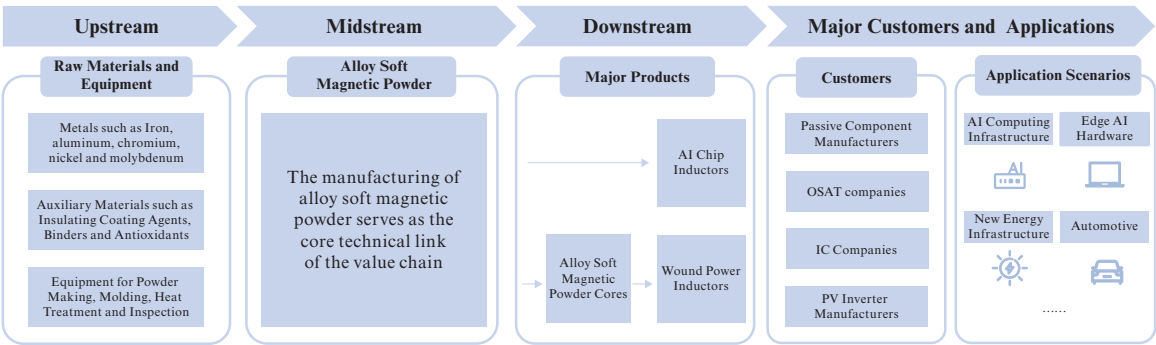
The industrial chain of alloy soft magnetic powder-based products industry, centered on alloy soft magnetic powder as the core raw material, has achieved full-fledged layout.

- The upstream segment of the industrial chain encompasses raw materials and production equipment for the manufacturing of alloy soft magnetic powder, mainly consisting of metals, auxiliary materials and various dedicated production equipment.
- The midstream segment represents the core technological link of the industrial chain. Manufacturers conduct R&D and production of alloy soft magnetic powders relying on proprietary formula systems and precision processing techniques. Electromagnetic properties of the powder, including saturation magnetic flux density, core loss and DC bias resistance, directly determine the core performance metrics of downstream magnetic powder cores and magnetic components, and exert a decisive impact on the performance of end products.

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- The downstream segment encompasses alloy soft magnetic powder cores and AI chip inductors. The powder is compacted into alloy soft magnetic powder cores, which will be further processed with winding procedures to manufacture wound power inductors. AI chip inductors are directly formed from the powder and conductor through integrated forming processes. The aforesaid products are primarily sold to passive component manufacturers, outsourced semiconductor assembly and testing (OSAT) companies, integrated circuit (IC) companies and photovoltaic (PV) inverter manufacturers, and are widely applied various application scenarios.

Industrial Chain of Alloy Soft Magnetic Powder-Based Products Industry



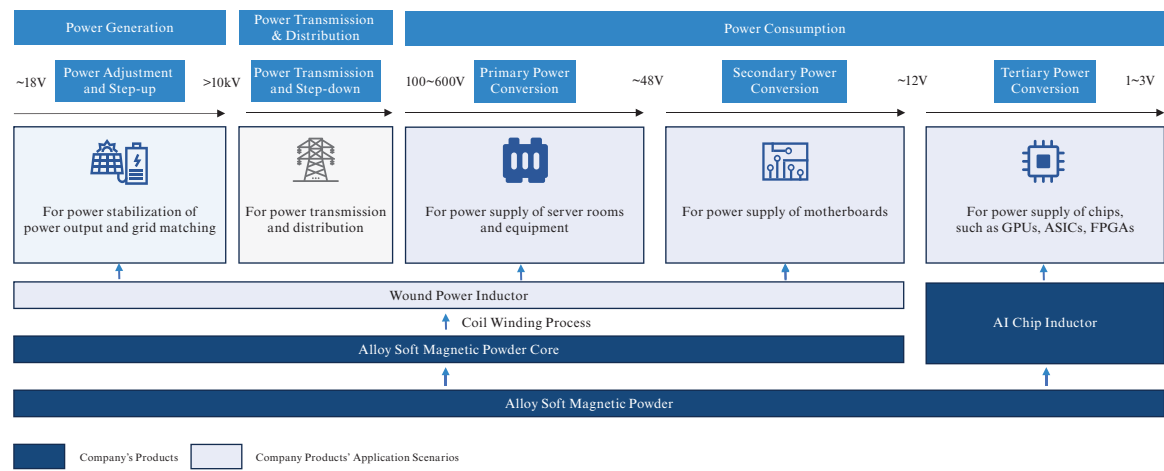
Source: Expert Interviews, CIC

Alloy Soft Magnetic Powder-Based Products: Empowering Critical Nodes in Power Conversion

Power generation, transmission and distribution, and consumption are the three core stages of the power system. Electricity generated on the power generation side is transmitted after voltage step-up and subsequently delivered to the consumption side through one or more power conversion processes. On the consumption side, electric power undergoes primary, secondary and tertiary conversion stages, which cater to system-level, board-level and chip-level power supply applications respectively. The Company’s products empower critical nodes in power conversion. In particular, powder cores made from alloy soft magnetic powders are processed into wound power inductors via coil winding processes and are primarily used in PV inverter and power conversion systems (PCS) on power generation side and primary and secondary power conversion stages on power consumption side, while AI chip inductors directly fabricated from alloy soft magnetic powders are mainly applied in tertiary power conversion stage.

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Overview of Power System Operation and Power Conversion



Source: Expert Interviews, CIC

Development Trends of Alloy Soft Magnetic Powder-Based Products Amid the Waves of Electrification and Intelligence

Energy Transition and Expansion of New Energy Applications Drive Demand for Alloy Soft Magnetic Powder-Based Products

Driven by the global carbon neutrality strategy, countries are accelerating the transition from fossil fuels to clean energy, propelling the rapid expansion of PV, energy storage, and new energy vehicles (NEVs). This transition is driving power equipment and power supply systems towards higher efficiency, power density and reliability. Alloy soft magnetic powder-based products, widely used in new energy applications, are key functional devices for power conversion, filtering, voltage regulation and energy storage. The ongoing energy transition and expansion of new energy applications are expected to continue driving demand for such products.

- **Expanding PV Installations.** Supported by the continuous decline in solar levelized cost of electricity and global energy transition policies, the global cumulative installed capacity of distributed PV installations surged from 229.9 GW in 2020 to 1.1 TW in 2025, representing a CAGR of 38.0%, and is expected to reach 2.9 TW by 2030, representing a CAGR of 20.0% from 2025 to 2030. As a core energy conversion device, PV inverters are evolving towards higher power density, efficiency and intelligence to support large-scale PV deployment and complex grid requirements. Alloy soft magnetic powder-based products play a critical role in PV inverters by enabling power conversion, voltage regulation and electromagnetic interference filtering. The expansion of PV installations and inverter upgrades are expected to drive demand for alloy soft magnetic powder-based products.
- **Accelerating Energy Storage Deployment.** Energy storage has become critical infrastructure for grid peak shaving, frequency regulation and renewable energy integration. Global distributed energy storage newly installed capacity increased from 3.9 GWh in 2020 to 34.3 GWh in 2025, representing a CAGR of 54.5%, and is expected to reach 110.4 GWh by 2030, representing a CAGR of 26.3% from 2025 to 2030. As energy storage systems evolve towards larger capacity, higher efficiency and improved safety, PCS and battery management systems continue to be upgraded. Alloy soft magnetic powder-based products are essential in PCS for voltage regulation during charging and

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discharging and harmonic filtering. The continued expansion of energy storage applications and equipment upgrades are expected to drive demand for alloy soft magnetic powder-based products.

- **NEV Expansion and Charging Infrastructure Development.** Automotive electrification represents a pivotal frontier in the global energy transition. Global NEV sales exceeded 23.7 million units in 2025, with a penetration rate of 23.0%, and are expected to increase to 41.9% by 2030. The adoption of 800V high-voltage fast-charging platforms is driving upgrades in vehicle electrical architectures. Core subsystems, including on-board chargers (OBC), DC-DC converters, traction inverters, and charging modules, are transitioning towards higher power, integration and efficiency. Meanwhile, fast-charging infrastructure and related power modules continue to expand. Both in-vehicle power systems and charging infrastructure rely on alloy soft magnetic powder-based products for power conversion, voltage regulation and electromagnetic interference filtering. The growth of NEVs, advancement of vehicle electrical architectures and expansion of charging infrastructure are expected to further drive demand for alloy soft magnetic powder-based products.

Intelligent Upgrading and AI Computing Power Development Drives Growth for Alloy Soft Magnetic Powder-Based Products

The continuous advancement of AI technologies and expansion of application scenarios are driving global AI computing infrastructure and edge AI devices into a new upgrade cycle, resulting in structural changes in power supply architectures and energy management systems. Alloy soft magnetic powder-based products are core enablers of efficient power delivery, voltage regulation and power management in computing equipment. The evolution of these industries is synchronously driving sustained growth in demand for alloy soft magnetic powder-based products.

- **Development of AI Computing Infrastructure.** The accelerating adoption of large AI models has prompted global technology companies to increase investment in computing infrastructure, driving the expansion of AI data centers. In terms of revenue, the market size of global AI servers reached RMB1.7 trillion in 2025 and is projected to grow to RMB7.5 trillion by 2030, representing a CAGR of 35.3%. Driven by increasing AI computing demand, computing clusters are evolving towards higher density and higher power consumption, with rising power loads per rack and power consumption of high-performance AI chips, including GPUs, ASICs and FPGAs. As traditional low-voltage power distribution architectures face limitations in efficiency, power loss and power density, data center power systems are transitioning towards high-voltage direct current and higher power-density architectures. Such upgrades are expected to increase the demand for alloy soft magnetic powder-based products.
- **Development of Edge AI Hardware.** The increasing adoption of AI technologies at the edge is accelerating the development of applications including smart vehicles, AI PCs, AI smartphones and embodied intelligence. In smart vehicles, the adoption of intelligent driving and intelligent cockpits is driving vehicle electrical and electronic architectures towards higher computing power and centralized domain controllers, increasing requirements for in-vehicle power supply and energy management systems. For AI PCs and AI smartphones, the deployment of on-device large AI models and local AI functions is increasing demand for real-time inference capabilities, driving chips towards higher computing power and higher power consumption, thereby elevating requirements for power management and power inductors. In embodied intelligence, the market size of global embodied intelligent robots reached RMB4.1 billion in 2025 and is expected to grow to RMB1.1 trillion by 2035, representing a CAGR of 155.0%. The increasing complexity of perception and control systems, as well as the growing number of

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computing and drive modules, are placing higher demands on system-level power delivery capability and dynamic stability. These trends are expected to collectively drive demand for alloy soft magnetic powder-based products across edge AI applications.

ANALYSIS OF GLOBAL ALLOY SOFT MAGNETIC POWDER CORE INDUSTRY

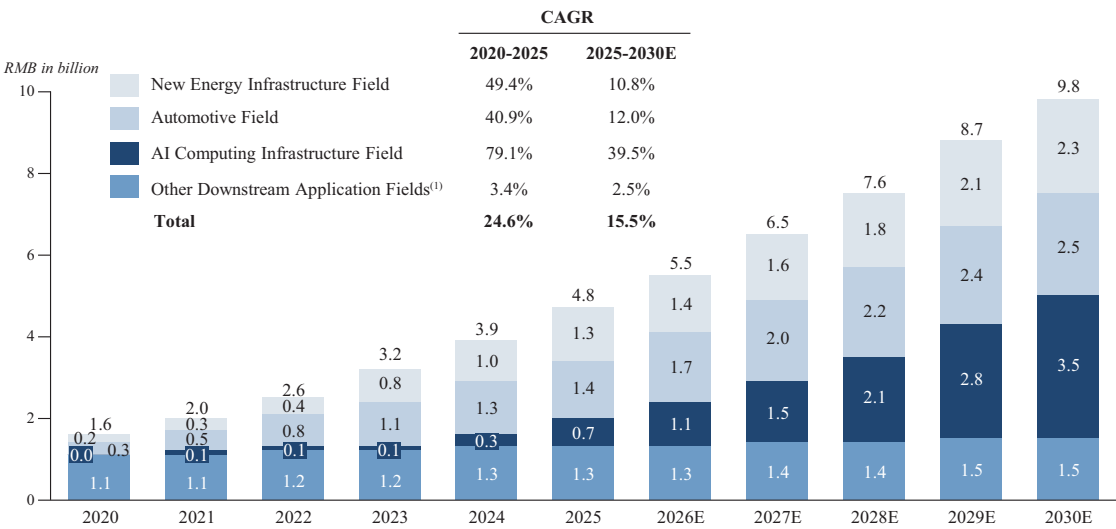
Definition and Market Size of Soft Magnetic Powder Core Industry

Alloy soft magnetic powder core is a kind of powder core made of a soft magnetic material with an insulating medium through metallurgical processes. After undergoing winding procedures, alloy soft magnetic powder cores can be processed into wound power inductors, which are widely deployed across various application fields such as new energy infrastructure, automotive and AI computing infrastructure.

Benefiting from sustained demand growth in new energy sectors such as PV and energy storage, the global alloy soft magnetic powder core market has expanded rapidly in recent years. In terms of revenue, the global market size grew from RMB1.6 billion in 2020 to RMB4.8 billion in 2025, representing a CAGR of 24.6%. Looking ahead, demand from PV and energy storage applications is expected to remain robust, while accelerated construction of computing infrastructure and rising NEV penetration are expected to further drive demand for high-power and high-frequency power equipment, supporting the continued expansion of the alloy soft magnetic powder core market. The global market size is projected to reach RMB9.8 billion by 2030, representing a CAGR of 15.5%.

From a production capacity perspective, China has become the primary production base for alloy soft magnetic powder cores globally. In 2025, global production capacity of alloy soft magnetic powder cores reached 217,000 tons, with China accounting for over 90% of the total capacity.

Market Size of Global Alloy Soft Magnetic Powder Core Industry, in Terms of Revenue, 2020–2030E



Notes:

(1) Other downstream application fields include home appliances, industrial switches, UPS power supplies (excluding server applications), and electronic communications, etc.

Source: Bloomberg New Energy Finance, China Electric Vehicle Charging Infrastructure Promotion Alliance, International Renewable Energy Agency, Expert interviews, CIC

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Drivers and Future Trends of the Global Alloy Soft Magnetic Powder Core Industry

- **Growth of PV and Energy Storage Applications.** Driven by the global energy transition and carbon neutrality initiatives, the PV and energy storage industries continue to expand, driving demand for key power equipment such as PV inverters and energy storage converters. Concurrently, these devices are upgrading towards higher power density, efficiency and operating frequencies, imposing increasingly stringent requirements on magnetic components. Wound power inductors based on alloy soft magnetic powder cores feature high saturation flux density and favorable DC bias characteristics, making them suitable for high-frequency switching, high-current and high-power-density applications in new energy power systems. As critical magnetic components, wound inductors are expected to experience increasing demand alongside the expansion of PV and energy storage applications, thereby supporting the growth of the alloy soft magnetic powder core market.
- **Development of NEVs and Charging Infrastructure.** Driven by continued growth in NEV sales and accelerating charging infrastructure development, the NEV industry continues to expand. Meanwhile, NEVs are evolving towards 800V high-voltage platforms, high-power fast charging, and high-performance drive systems, elevating the requirements for power conversion efficiency, power supply stability, and high-temperature adaptability for core components such as OBC, DC-DC converters, and charging modules. Alloy soft magnetic powder cores maintain stable magnetic properties under high-current and high-temperature conditions, leading to their widespread deployment in wound power inductors within NEVs and charging systems.
- **Accelerated Deployment of AI Computing Infrastructure.** Driven by the rapid expansion of global AI computing infrastructure and rising per-rack power density, the deployment of UPS systems, rack-mounted PSUs and high-power supply modules is accelerating. These systems typically operate under high current loads, significant load fluctuations, continuous operation and elevated temperatures, creating demand for large-specification wound power inductors. Compared with traditional silicon steel laminations, alloy soft magnetic powder cores offer lower core loss under high frequency conditions with switching frequency higher than 5kHz, making them suitable for high frequency power supply designs. They help meet the requirements of data center power equipment for high reliability, low heat generation and high current-carrying capacity. As AI data center construction accelerate, increasing shipments of high-power supply equipment are expected to drive demand for wound inductors and support the long-term growth of the alloy soft magnetic powder core market.
- **Growing Customization and Evolution Towards Design-in Models.** As requirements for power density, stability and miniaturization continue to increase across PV, energy storage, NEVs and AI computing infrastructure, standardized alloy soft magnetic powder cores are becoming less able to meet differentiated application requirements. Downstream inductor products are therefore shifting from standardized offerings towards application-specific customized solutions. This requires powder core manufacturers to engage in early-stage co-development with customers, customizing alloy formulations, permeability, loss characteristics and core structures based on application requirements, thereby enhancing technical collaboration with downstream customers. Compared with standardized supply models, the Design-in model requires higher capabilities in material R&D, process adaptability and response speed, while increasing product value and raising industry entry barriers, thereby driving a sustained upward shift in the industry’s value chain.

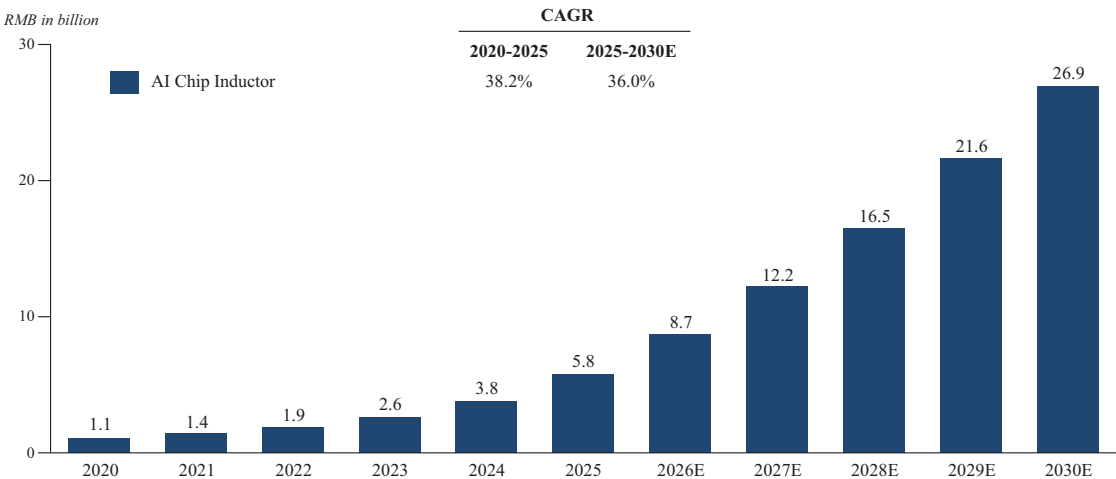
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ANALYSIS OF GLOBAL AI CHIP INDUCTOR INDUSTRY

Overview and Market Size of Global AI Chip Inductor Industry

An inductor is an electronic component operating on the principle of electromagnetic induction. Power inductors are primarily deployed in power supply circuits to store and convert electrical energy, stabilize current and voltage, and ensure smooth and reliable power delivery. AI chip inductors are specialized power inductors designed for AI computing scenarios. They are used in power supply circuits of high-performance AI accelerator chips such as GPUs, ASICs, and FPGAs, as well as supporting optical modules and high-speed memory chips. They also address the power supply requirements of AI chips in edge hardware such as AI smartphones, AI PCs and robotic systems. As such, AI chip inductors constitute a core foundational component enabling efficient and stable power delivery for both cloud computing infrastructure and edge intelligent hardware. In terms of revenue, the market size of global AI chip inductor industry grew from RMB1.1 billion in 2020 to RMB5.8 billion in 2025, representing a CAGR of 38.2%, and is expected to reach RMB26.9 billion by 2030, representing a CAGR of 36.0% from 2025 to 2030.

Market Size of Global AI Chip Inductor Industry, in Terms of Revenue, 2020–2030E



Source: International Data Corporation, Omdia, Expert Interviews, CIC

Drivers and Trends of the AI Chip Inductor Industry

- **AI Computing Expansion Supporting Demand Growth and Product Upgrades.** Global demand for AI computing power continues to surge. Global AI token consumption is estimated to increase from 5,500 trillion tokens in 2025 to over 120,000 trillion tokens by 2030, representing a CAGR of 194.5%. This massive compute requirement accelerates the deployment of diverse high-performance chips and next-generation memory, while their ultra-high current and transient load profiles compel a shift from traditional discrete power designs to ultra-multiphase parallel architectures. Each additional power phase directly increases inductor count per system. Concurrently, the migration toward highly integrated DC power modules in AI servers elevates current density and thermal demands, driving AI chip inductors toward higher current ratings, superior high-frequency performance, and enhanced reliability, alongside increased penetration of high-performance alloy soft magnetic materials.

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- **Optical Communications Upgrade and Application Expansion Driving Demand Growth.** As data transfer requirements escalate for AI large-model training and inference, global communications infrastructure is accelerating its transition from traditional electrical signaling toward optical communications. Optical transceiver modules require increasingly stringent power stability, signal integrity, and low-noise operation, and rely on AI chip inductors to maintain stable power delivery under high current conditions. Concurrently, the migration of optical modules toward higher data rates and greater density raises performance requirements for inductors in terms of miniaturization, higher frequency operation, and reliability. AI chip inductors play a critical role in laser drivers, opto-electrical conversion stages, and power management within optical modules. The upgrade cycle of optical communications infrastructure and the widening adoption of optical modules create an additional demand channel for AI chip inductors.
- **Rapid Edge AI Adoption and Computing Upgrades Driving Incremental Demand and Technological Iteration.** As AI capabilities embed into endpoints from AI PCs to intelligent cockpits, local inference drives scaled NPU and AI SoC deployments, prompting upgrades to power management schemes and creating steady incremental volumes. The pronounced high-current transients of these chips, coupled with stringent terminal demands for miniaturization and low loss, are pushing power architectures toward multiphase parallel designs and near-chip power delivery. This shift increases inductor count per system while compelling advancements in current handling, loss reduction, and form factor minimization, driving the continued expansion of high-performance alloy soft magnetic materials. Furthermore, the extension of edge AI into automotive and industrial scenarios introduces critical requirements for high-temperature tolerance and saturation resistance, broadening the industry’s application boundary and steering the technology stack toward higher performance.
- **Material System Shift Toward Alloy Soft Magnetic Solutions.** The downstream selection framework for AI chip inductors has migrated from a predominantly cost-led basis to one gated by performance, reliability and operating-condition robustness across AI servers, smart vehicles, AI PCs and robotics platforms. Traditional ferrites saturate more readily under high current and exhibit sharper magnetic property drift at elevated temperatures, limiting their fit for the high-power, high-transient, wide-temperature envelope required by advanced AI chips. By contrast, alloy soft magnetic materials offer higher saturation flux density, stronger saturation resistance behavior and better high-temperature stability, yielding higher achievable power density that aligns with multi-phase and TLVR-coupled power architectures. These structural advantages continue to drive ASM-based AI chip inductors to gain share at the expense of ferrite solutions.

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COMPETITIVE LANDSCAPE OF GLOBAL ALLOY SOFT MAGNETIC POWDER-BASED PRODUCTS INDUSTRY

Rankings of Alloy Soft Magnetic Powder-Based Products Suppliers

Ranking of Global Alloy Soft Magnetic Powder Core Suppliers

The global alloy soft magnetic powder core industry features a relatively concentrated competitive landscape. In 2025, the combined market share of the top five suppliers reached 63.2%. The Company ranked as the largest alloy soft magnetic powder core supplier globally in terms of revenue, with a market share of 27.1%.

Ranking of Alloy Soft Magnetic Powder Core Suppliers⁽¹⁾, in Terms of Revenue, 2025

Ranking	Industry Participants	Revenue (RMB in million)	Market Share (%)
1	The Company	1,289.2	27.1%
2	Company A ⁽²⁾	~650.0	~13.6%
3	Company B ⁽³⁾	~500.0	~10.5%
4	Company C ⁽⁴⁾	~400.0	~8.4%
5	Company D ⁽⁵⁾	~170.0	~3.6%
Sub Total		~3,009.2	~63.2%

Notes:

- (1) Except for the Company’s data, other industry participants’ revenues in this ranking are estimated based on publicly available information, corporate annual reports, and expert interviews;
- (2) Company A is a powder metallurgy mechanical components and soft magnetic materials manufacturer, founded in 1994, headquartered in Ningbo, China, and listed on the Shanghai Stock Exchange;
- (3) Company B is a soft magnetic materials manufacturer, founded in 1980, headquartered in South Korea;
- (4) Company C is a soft magnetic materials manufacturer, founded in 1949, headquartered in United States;
- (5) Company D is a soft magnetic materials manufacturer, founded in 1951, headquartered in United States.

Source: Annual Reports, Expert interviews, CIC

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Ranking of Global AI Chip Inductor Suppliers

The global AI chip inductor industry features a relatively concentrated competitive landscape. In 2025, the combined market share of the top five suppliers reached 72.5%. The Company ranked as the fifth largest AI chip inductor supplier globally in terms of revenue, with a market share of 7.6%.

Ranking of AI Chip Inductor Suppliers⁽¹⁾, in Terms of Revenue, 2025

Ranking	Industry Participants	Revenue (RMB in million)	Market Share (%)
1	Company E ⁽²⁾	~1,950.0	~33.8%
2	Company F ⁽³⁾	~615.0	~10.6%
3	Company G ⁽⁴⁾	~600.0	~10.4%
4	Company H ⁽⁵⁾	~585.0	~10.1%
5	The Company	439.5	7.6%
Sub Total		~4,189.5	~72.5%

Notes:

- (1) Except for the Company’s data, other industry participants’ revenues in this ranking are estimated based on publicly available information, corporate annual reports, and expert interviews;
- (2) Company E is a provider of power management and thermal management solutions, founded in 1971, headquartered in Taiwan, China, and listed on the Taiwan Stock Exchange;
- (3) Company F is an electronic component manufacturer, founded in 1935, headquartered in Japan, and listed on the Tokyo Stock Exchange;
- (4) Company G is an electronic component manufacturer, founded in 1950, headquartered in Japan, and listed on the Tokyo Stock Exchange;
- (5) Company H is an electronic component manufacturer, founded in 2000, headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange.

Source: Annual Reports, Expert interviews, CIC

Overview of Vertically Integrated Business Models for Alloy Soft Magnetic Materials and Components

Vertically integrated suppliers of alloy soft magnetic materials and magnetic components refer to enterprises possessing independent R&D and mass manufacturing capabilities across alloy soft magnetic powders, powder cores, and magnetic components. The deployment of such integrated models has gradually emerged as a pivotal trend for industry players seeking to construct core competitive moats. Compared to participants focusing solely on materials or components, vertically integrated suppliers can establish a full-chain collaborative system spanning materials, devices, and applications. This model fosters significant competitive advantages across product performance, R&D velocity, cost control, and customer service.

- **Superior Collaborative R&D Capabilities.** Leveraging downstream application requirements from AI computing infrastructure, advanced process chips, and new energy vehicles, suppliers can synchronously optimize magnetic powder formulations, calibrate powder core performance, and design AI chip inductor structures. This effectively enhances product adaptability while shortening new product development cycles.

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- **Optimized Balance Between Performance and Cost.** Capitalizing on synergies across the entire process flow, suppliers can systematically optimize core parameters such as core loss, saturation flux density, and high-frequency characteristics, achieving an optimal equilibrium between high performance and refined cost management.
- **Enhanced Supply Chain Stability and Product Consistency.** The integrated model mitigates supply volatility and quality risks associated with external raw material procurement, effectively improving batch-to-batch consistency, delivery reliability, and large-scale supply capabilities.
- **Significant Customer Stickiness and Industry Barriers.** High-end application scenarios impose stringent requirements on performance, reliability, and joint development capabilities. Integrated suppliers are better positioned to forge long-term, deep partnerships with core downstream customers, establishing formidable industry entry barriers.

Entry Barriers and Key Success Factors for the Global Alloy Soft Magnetic Powder-based Products Industry

- **Interdisciplinary Integration R&D Capability.** The convergence of metallurgy, power electronics, and materials science constitutes the foundational prerequisite for addressing the power demands of advanced applications. Industry leaders leverage deep, cross-functional expertise to synchronize material optimization with core powder metallurgy mastery and customized designs aligned with evolving chip architectures. By pioneering frontier technologies, incumbents solidify formidable technological moats. New entrants, lacking the requisite long-term accumulation, face insurmountable difficulties in integrating these disparate resources to match the velocity of downstream chip iterations.
- **Long-Standing Accumulation of Know-How Expertise.** Production relies intrinsically on extensive, full-process proprietary know-how, forming a core industry barrier. Precision-critical stages, ranging from alloy formulation and atomization to insulation coating, demand high-level coordination which renders yield rates resistant to replication through imitation. Similarly, the molding process requires precise annealing parameters uniquely aligned with specific powder characteristics, while finished goods inspection imposes stringent requirements on quality control systems. New entrants lack command over these core technical parameters and integrated workflows, thereby hindering stable mass production across the value chain.
- **Customer Qualification and Stickiness.** As key part of power electronic equipment, alloy soft magnetic powder cores and AI chip inductors are subject to rigorous, multi-year qualification and reliability validation, creating significant switching costs once suppliers are certified. The industry has evolved from standardized procurement toward early-stage Design-in collaboration, requiring suppliers to engage in deep technological integration during customer product development. Leveraging proven capabilities in materials R&D, device design, and rapid response, industry leaders have secured their positions within global supply chains. Conversely, new entrants struggle to pass stringent certifications or establish stable cooperative relationships in the near term, thereby failing to build effective market competitiveness.

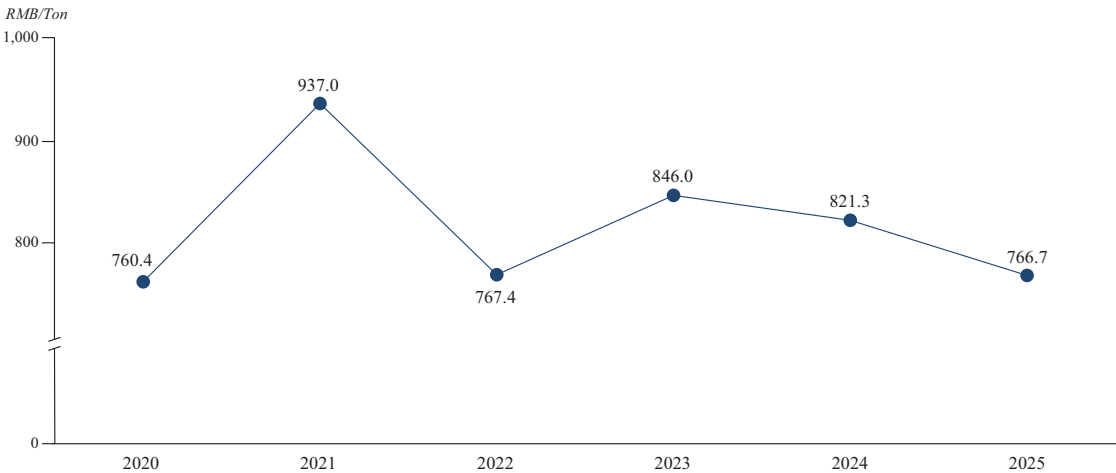
ANALYSIS OF RAW MATERIAL PRICE OF GLOBAL ALLOY SOFT MAGNETIC POWDER-BASED PRODUCTS INDUSTRY

Iron serves as the primary raw material for producing alloy soft magnetic powder-based products. In 2021, production capacity reductions and transportation disruptions in major producing regions tightened iron ore supply, leading to a supply-demand imbalance and a sharp

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increase in prices. After 2021, as production capacity in various regions recovered, supply pressures eased, and prices retreated. Overall, iron ore prices exhibited a fluctuating trend from 2020 to 2025 and are expected to remain relatively stable in the medium to long term.

Global Settlement Prices of Iron Ore Futures, 2020–2025



Source: Dalian Commodity Exchange, CIC

SOURCE OF INFORMATION

In connection with the [REDACTED], we engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report about global alloy soft magnetic powder-based products industry. The CIC Report has been prepared by CIC independent of the influence of our Group and other interested parties. We have agreed to pay CIC a total fee of RMB450,000 for the preparation and use of the CIC Report, and we believe that such fees are consistent with the market rate. CIC is a consulting firm founded in Hong Kong and provides professional industry consulting services across multiple industries. CIC’s services include industry consultancy services, commercial due diligence and strategic consulting.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend over the next decade; (ii) related key industry drivers are likely to propel continued growth in global alloy soft magnetic powder-based products industry throughout the forecast period; and (iii) there will be no extreme force majeure event or unforeseen industry regulation that may significantly or fundamentally affect the relevant market and industry. Unless otherwise specified, all data and forecasts contained in this section are derived from the consultancy report of CIC. The Directors, upon acting with reasonable prudence, confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the consultancy report.

Our Directors, after taking reasonable care, confirm that to the best of their knowledge, there is no material adverse change in the market information since the date of the relevant data contained in the CIC Report and up to the Latest Practicable Date which may qualify, contradict or have an impact on the information in this section.