
INDUSTRY OVERVIEW

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THE GLOBAL AND CHINESE MAINLAND COMPUTING SERVER POWER SUPPLY INDUSTRY

Definition and Overview of Computing Server Power Supply

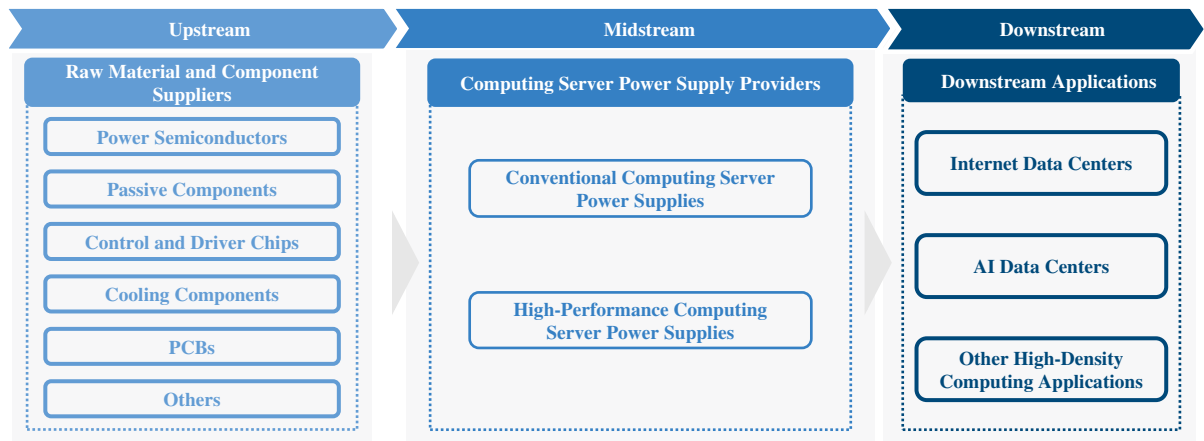
A switching power supply is a device that uses high-frequency switching control to deliver stable direct current power. A computing server power supply refers to a switching power supply used in servers, which converts alternating current (“AC”) or direct current (“DC”) input into a regulated DC output required by computing server systems. Compared with traditional linear power supplies, computing server power supplies generally offer higher energy efficiency and power density, smaller size and lighter weight, lower heat dissipation, and more stable output performance. Therefore, computing server power supplies are an essential component of computing infrastructure.

Value Chain of Computing Server Power Supply Industry

The value chain of the computing server power supply industry mainly comprises upstream raw material and component suppliers, midstream computing server power supply providers, and downstream applications. Upstream suppliers mainly provide key raw materials and components, including power semiconductors, passive components (including magnetic components), control and driver chips, cooling components, printed circuit boards (“PCBs”). Midstream computing server power supply providers are engaged in the R&D, production and sales of computing server power supplies, including conventional computing server power supplies and high-performance computing server power supplies. Downstream customers are primarily computing server manufacturers, whilst end applications mainly include internet data centers, AI data centers and other high-density computing applications such as blockchain-related computing.

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Value Chain of Computing Server Power Supply Industry



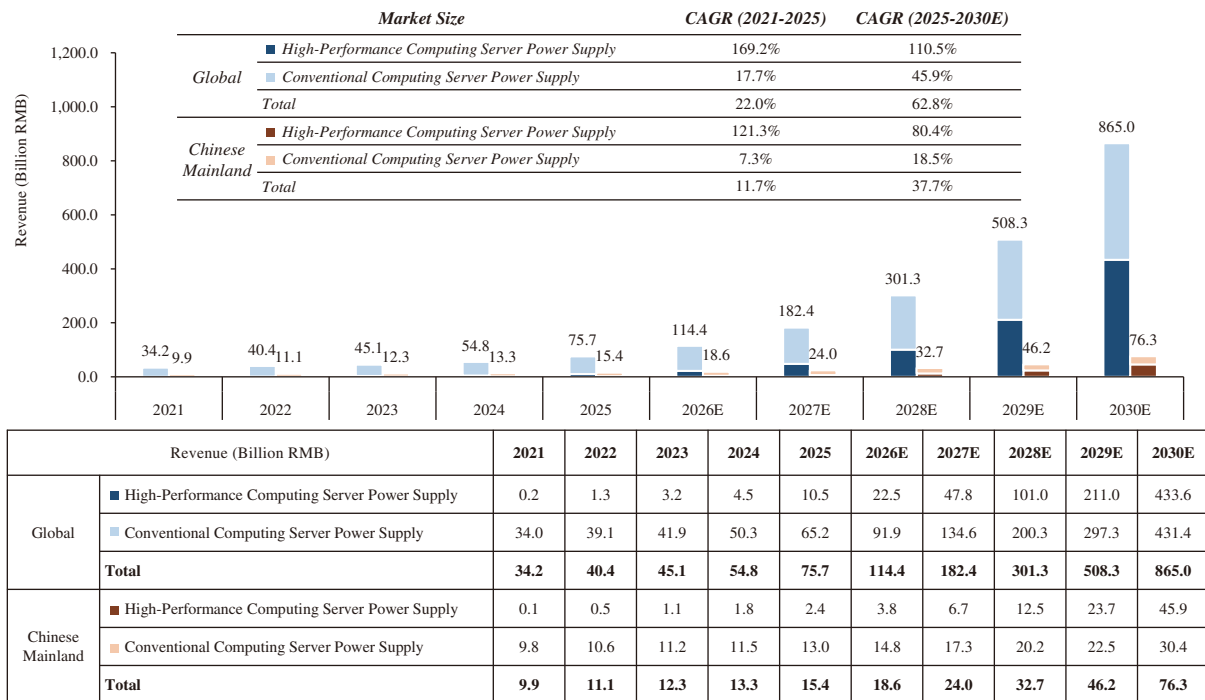
Source: Frost & Sullivan Analysis

Market Size of the Global and Chinese Mainland Computing Server Power Supply Industry

With the continuous construction of AI and blockchain infrastructures, the computing server power supply industry has experienced significant growth. In 2025, the market size of computing server power supply industry in terms of revenue reached RMB75.7 billion globally and RMB15.4 billion in Chinese mainland, growing at a CAGR of 22.0% and 11.7% from 2021 to 2025, respectively. The surge in demand for AI-driven applications, such as AIGC (AI-generated content) and large-model training, has driven the rapid expansion of computing power, fostering diverse innovations in computational technologies, and accelerating industrial transformation. As a result, the global and Chinese Mainland’s computing power scale is expected to reach 50,542 EFLOPS and 8,965 EFLOPS by 2030, with a CAGR of 40.3% and 35.6% from 2025 to 2030, respectively. Driven by further growth in demand for computing power, the market size of computing server power supply industry in terms of revenue is expected to reach RMB865.0 billion globally and RMB76.3 billion in Chinese mainland by 2030, growing at a CAGR of 62.8% and 37.7% from 2025 to 2030, respectively.

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Market Size of Computing Server Power Supply Industry (Global and Chinese Mainland), 2021–2030E



Source: Frost & Sullivan Analysis

Future Trends of Computing Server Power Supply Industry

Global Construction of AI and Cloud Infrastructure. The construction of AI and cloud infrastructure is accelerating data center investments globally, which in turn drives incremental demand for computing infrastructure and related power solutions. As overseas deployments scale up, customers increasingly evaluate suppliers on local certification readiness, delivery lead time, multi-region production and delivery footprints, and on-site support capabilities, among others. Therefore, computing server power supply providers with established overseas service networks, scalable production capacity, and localized delivery capabilities are expected to be better positioned to capture global growth opportunities.

Rising Rack Power Density. The increasing adoption of AI workloads is significantly raising rack-level power demand, thereby accelerating the transition toward higher-power and more scalable power delivery architectures. Data center operators are increasingly adopting rack-scale and modular designs such as modular power supply units and rack-level power shelves to improve scalability, facilitate maintenance and enhance operational resilience. This trend is expected to raise technical requirements in areas such as high-power reliability, thermal management, redundancy design and system-level integration for computing server power supply providers.

Improvement in Energy Efficiency. With the increasing focus on energy efficiency and sustainability, the industry is shifting from improving the efficiency of individual devices to reducing power losses through architecture optimization. In high-density rack scenarios, 48V power distribution is gaining traction as it can reduce current and resistive losses at the same power level and alleviate constraints on cabling and copper usage. Looking forward, AI data centers are also exploring higher-voltage architectures, which may further reshape the design requirements of power supplies in safety, insulation, system integration, among others.

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THE GLOBAL AND CHINESE MAINLAND HIGH-PERFORMANCE COMPUTING SERVER POWER SUPPLY INDUSTRY

Definition and Overview of High-Performance Computing Server Power Supply

A high-performance computing server power supply refers to a high-power switching power supply primarily designed for computing servers deployed in AI and blockchain computation to deliver reliable DC power under sustained high-load operation, while meeting stringent requirements on power density, energy efficiency and protection features. High-performance computing server power supplies are typically offered with high power ratings, with a rated output of 3,000W or above per unit, to support continuous full-load operation of computing hardware. In AI data centers and blockchain computing facilities, high-performance computing server power supplies constitute a critical component of computing infrastructure, ensuring system reliability and improve overall energy efficiency in large-scale computing deployments. Conventional computing server power supply commonly achieves an MTBF (Mean Time Between Failures, commonly used to estimate the reliability of power supply) of approximately 100,000 hours, while high-performance computing server power supply commonly achieves an MTBF of over 200,000 hours.

Comparison of High-Performance and Conventional Computing Server Power Supply

Comparison	High-Performance Computing Server Power Supply	Conventional Computing Server Power Supply
Power Rating	• Single unit with a rated output of 3,000W or above	• Single unit with a rated output of below 3,000W
Key Features	• Designed for sustained high-load operation and frequent load transient, featuring high power density and robust transient performance, and superior conversion efficiency	• Designed for general-purpose server workloads, with balanced requirements on efficiency, stability and cost
Application Scenarios	• AI training/inference clusters, and other high-intensity computing deployments such as digital asset mining	• General-purpose data centers and enterprise server deployments
Power Density	• Typically $\geq 50\text{W/in}^3$	• Typically $< 50\text{W/in}^3$
Market Share	• Approximately 14%	• Approximately 86%
Efficiency standard	• Typically 80 PLUS Titanium	• Typically 80 PLUS Bronze, 80 PLUS Silver and 80 PLUS Gold

Note: Market share is calculated in terms of the revenue of global computing server power supply industry in 2025.

Source: Frost & Sullivan Analysis

Depending on different application scenarios, high-performance computing server power supplies can be divided into (i) high-performance application-specific computing server power supplies, which are generally designed to support long-duration, high-load operation of ASIC-based computing systems with a focus on high energy efficiency and high power density, which helps reduce heat generation and enhance system stability in dense computing deployments; and (ii) high-performance GPU computing server power supplies, which are typically required to accommodate highly dynamic workloads and frequent load transients, and therefore place greater emphasis on transient performance, stable voltage regulation and high power density to ensure reliable power delivery for GPU-based computing systems. Overall, high-performance computing server power supplies are a critical component of the next-generation computing infrastructure, supporting the scalability, efficiency, and reliability requirements driven by the growing deployment of intelligent computing workloads globally.

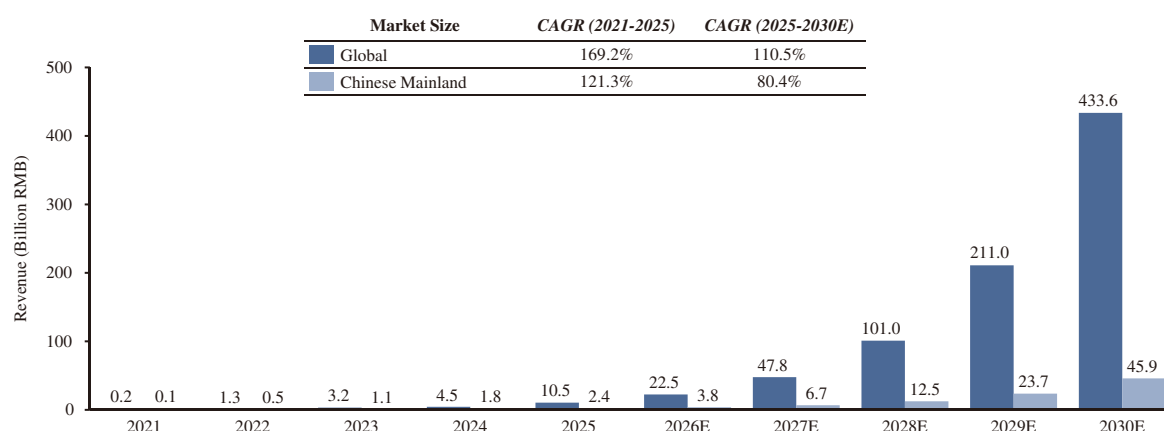
Market Size of the Global and Chinese Mainland High-Performance Computing Server Power Supply Industry

Since 2021, AI and blockchain technologies have experienced rapid growth, with numerous high-performance computing chips entering the market, thereby driving the emerging demand for high-performance computing server power supply. In 2025, the market size of high-performance computing server power supply industry in terms of revenue reached RMB10.5 billion globally and

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RMB2.4 billion in Chinese mainland, growing at a CAGR of 169.2% and 121.3% from 2021 to 2025, respectively. By 2030, the market size of high-performance computing server power supply industry in terms of revenue is projected to reach RMB433.6 billion globally and RMB45.9 billion in Chinese mainland, growing at a CAGR of 110.5% and 80.4% from 2025 to 2030, respectively. The rapid expansion of AI is accelerating the transition of computing architectures from general-purpose computing to intelligent computing. Intelligent-computing servers, which integrate high-power-consumption chips, are experiencing sustained increases in both power density and per-rack power requirements. In parallel, the power consumption per AI server continues to escalate with each new generation of processors, with single-chip power consumption rising from approximately 300W-400W in prior generations to 700W-1,000W or above in the current market. This drives up both the power rating and the number of power supply products required per server. Moreover, the technical requirements of AI workloads, including high conversion efficiency, high power density, and fast transient response, make high-performance computing server power supplies a critical enabler. Coupled with the upward trajectory of power consumption driven by successive generations of computing chips, demand for high-performance computing power supplies is anticipated to grow sharply, thereby driving a substantial growth of the proportion of high-performance computing power supply industry within the overall computing server power supply industry.

Market Size of High-Performance Computing Server Power Supply Industry (Global and Chinese Mainland), 2021 – 2030E



Source: Frost & Sullivan Analysis

Market Drivers and Future Trends of High-Performance Computing Server Power Supply Industry

Growing Downstream Demand. The demand for high-performance computing server power supplies is steadily increasing as computing infrastructure becomes a critical driver for digital economy. From 2021 to 2025, the global computing power scale expanded from 615 EFLOPS to 9,314 EFLOPS, growing at a CAGR of 97.3%. By 2030, the global computing power scale is projected to reach 50,542 EFLOPS, growing at a CAGR of 40.3% from 2025 to 2030. Meanwhile, from 2021 to 2025, the computing power scale in Chinese mainland expanded from 202 EFLOPS to 1,956 EFLOPS, growing at a CAGR of 76.4%. By 2030, the computing power scale in Chinese mainland is projected to reach 8,965 EFLOPS, growing at a CAGR of 35.6% from 2025 to 2030. Energy efficiency and reliability of power supplies are the prerequisites for the stable operation of data centers and other computing facilities. This rapid expansion of computing infrastructure is expected to significantly boost the demand for computing server power supplies. Driven by the need for high-concurrency, low-latency transactions and the demand for high computational power, downstream applications such as AI data

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centers and blockchain-related computing require power supplies with greater efficiency, higher power density, and extended duration. This sustained demand continues to fuel the growth of the high-performance computing server power supply industry.

Favorable Policies. The energy-efficiency levels of high-performance computing server power supplies directly affect the sustainability and operational performance of downstream applications such as AI and blockchain-related computing. The Chinese government has issued a series of policies to facilitate the computing infrastructure construction, such as the Implementation Opinions on Promoting the High-Quality Development of “Artificial Intelligence+” Energy (《關於推進“人工智能+”能源高質量發展的實施意見》), aiming to enhance the supply of key technologies to address electricity challenges arising from the rapid growth of AI computing power. Implementation of these favorable policies accelerate the phase-out of high-energy-consumption power supplies and catalyze technological innovation among power supply manufacturers, laying a solid foundation for the sustainable development of computing infrastructure.

Advancements of Cooling Technologies. With the widespread application of high-performance computing, the power consumption of high-computing-power chips continues to rise, driving an increase in the power density of servers. In high-density computing applications, traditional cooling methods, such as air cooling, are constrained by heat transfer efficiency and spatial limitations. Given this situation, liquid cooling technology is emerging as a critical solution to meet the thermal management demands of high-performance computing server power supplies, offering superior heat dissipation efficiency and energy performance. Liquid cooling solutions may effectively address the thermal challenges posed by increased power consumption, enabling the large-scale deployment of high-performance computing infrastructures.

Expansion of Downstream Applications. The applications of high-performance computing server power supplies are rapidly expanding, empowering multiple cutting-edge scenarios such as AI, edge computing and low altitude economy. AI data centers and supercomputing centers are driving power supply innovations towards ultra-high power density and high-voltage direct current architecture. In the edge computing, the requirements for power supplies focus on high reliability and strong adaptability in harsh environments. Low altitude economy depends on lightweight designs and high dynamic response of power supplies to manage fluctuating power loads effectively. Overall, high-performance computing server power supplies are evolving from standardized components to scenario-based energy systems to continuously improve output, efficiency, power density, and reliability, providing a solid foundation for the global deployment of computing power in various applications.

Integration of Value Chain. In the high-performance computing server power supply industry, vertical integration has emerged as a core strategy for building sustainable competitive moats. To strengthen supply chain security and technological autonomy, some leading enterprises are expanding business layout to upstream semiconductor and other key components, establishing end-to-end footprints from chips to systems. The integration of value chain enhances control over the supply chain, improves technological synergy, achieves cost optimization, and accelerates response to market changes.

Entry Barriers of High-Performance Computing Server Power Supply Industry

Technology Barrier. R&D for high-performance computing server power supplies requires long-term accumulation and faces substantial technical barriers. Challenges include breakthroughs in key performance indicators (e.g., power density, efficiency, transient response), the application of core technologies (e.g., wide-bandgap devices, advanced topologies, digital control, thermal management), and compatibility with computing servers. In addition, testing and verification capabilities also demand significant technology accumulation, further increasing the difficulty of technological breakthroughs for new entrants.

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Certificate Barrier. The high-performance computing server power supply providers operate in a complex regulatory environment. Major regional markets including Europe, North America, and Asia-Pacific enforce stringent certificates covering safety, energy efficiency, and environmental compliance. For new entrants, this necessitates adapting product designs and manufacturing processes to region-specific requirements. Moreover, these certificate frameworks are dynamic and regulations undergo regular updates and technical revisions, requiring companies to continuously monitor changes and iteratively adjust both products and production technologies, which constitutes an entry barrier in the high-performance computing server power supply industry.

Supply Chain Barrier. The stable supply of core components for high-performance computing server power supplies is important. In the high-performance computing server power supply industry, power semiconductors, including SiC MOSFETs, GaN devices, and high-voltage IGBT modules, serve as the core components that determine conversion efficiency, power density, and thermal-management performance, and they usually account for more than 30% of total material cost. The global power-semiconductor market is highly concentrated, with the top ten companies accounting for more than 55% of market share in 2025 by revenue. This high level of industry concentration, combined with long wafer-fabrication lead times and limitation of production capacity, results in premium capacity being preferentially allocated to long-term customers, leaving limited spot supply for new entrants. As a result, leading high-performance computing server power supply manufacturers, supported by long-term partnerships and scale production, generally maintain preferential access to critical supply-chain resources. New entrants face significant hurdles in securing stable raw material supply and competitive procurement costs, elevating supply-chain management capability to a critical entry barrier and a key determinant of cost structure and delivery reliability.

Competitive Landscape of the Global and Chinese Mainland High-Performance Computing Server Power Supply Industry

The global high-performance computing server power supply industry is relatively concentrated. As of December 31, 2025, there were approximately 20 high-performance computing server power supply manufacturers worldwide. In terms of revenue derived from high-performance computing server power supply in 2025, the global top five high-performance computing server power supply manufacturers accounted for approximately 85.1%, among which our Group ranked fifth, with a market share of approximately 6.9%.

The Chinese mainland high-performance computing server power supply industry is relatively concentrated. As of December 31, 2025, there were approximately 10 high-performance computing server power supply manufacturers in Chinese mainland. In terms of revenue derived from high-performance computing server power supply in 2025, the top five high-performance computing server power supply manufacturers in Chinese mainland accounted for approximately 77.1%, among which our Group ranked second, with a market share of approximately 15.8%.

Top Five Providers of High-Performance Computing Server Power Supply in terms of Revenue (Global), 2025						Top Five Providers of High-Performance Computing Server Power Supply in terms of Revenue (Chinese Mainland), 2025				
Ranking	Company	Listing Status	Revenue (Billion RMB)	Market Share (%)	Maximum Power Density (W/in ²)	Ranking	Company	Listing Status	Revenue (Billion RMB)	Market Share (%)
1	Company A	Listed	5.00	47.6%	95+	1	Company D	Listed	0.59	24.6%
2	Company B	Listed	1.63	15.5%	100+	2	Our Group	-	0.38	15.8%
3	Company C	Listed	0.80	7.6%	100+	3	Company E	Listed	0.36	15.0%
4	Company D	Listed	0.79	7.5%	~100	4	Company F	Not listed	0.27	11.3%
5	Our Group	-	0.72	6.9%	~100	5	Company A	Listed	0.25	10.4%
Top 5	-	-	8.94	85.1%	-	Top 5	-	-	1.85	77.1%

Notes:

- (1) Company A is a group established in 1971, headquartered in Taiwan, China and listed on the Taiwan Stock Exchange, engaging in the provision of power electronics, industrial automation and energy management solutions.

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- (2) Company B is a group established in 1975, headquartered in Taiwan, China and listed on the Taiwan Stock Exchange, engaging in the provision of optoelectronic components, power management solutions and IoT-related products.
- (3) Company C is a group established in 1969, headquartered in Texas, United States and listed on the Nasdaq Stock Market, engaging in the provision of design, engineering and manufacturing of supply chain solutions.
- (4) Company D is a group established in 1996, headquartered in Guangdong Province, China and listed on the Shenzhen Stock Exchange, engaging in the provision of power supply products and related power solutions.
- (5) Company E is a group established in 1997, headquartered in Guangdong Province, China and listed on the Shenzhen Stock Exchange, engaging in the provision of computer hardware, information security and electronic equipment solutions.
- (6) Company F is a private group established in 2003 and headquartered in Guangdong Province, China, engaging in the provision of power supply products and intelligent energy solutions for data centers, communications and new energy applications.

Source: Annual Reports; Frost & Sullivan Analysis

As of December 31, 2025, there were approximately 100 computing server power supply manufacturers worldwide, among which there were approximately five PRC manufacturers that could achieve a power density of 100W/in³ or above, and the Group was among them. The average power density of computing server power supply products achieved approximately 50W/in³ in 2025.

Raw Material Prices Analysis of High-Performance Computing Server Power Supply Industry

The raw materials of high-performance computing server power supply primarily include power semiconductors, passive components (including magnetic components), control and driver chips, cooling components. Power semiconductors accounted for approximately 35.0% of the total raw material costs in 2025. Due to different functions and wide range of applications, there are significant differences in the average prices of raw materials for different types of high-performance computing server power supplies.

THE GLOBAL AND CHINESE MAINLAND ESS POWER CONVERSION SYSTEMS INDUSTRY

Definition and Overview of ESS Power Conversion Systems

ESS power conversion systems are integrated solutions that convert, manage, and deliver electrical energy across a broad range of energy storage applications, with objectives to ensure the safe, reliable use of electricity in consumer, commercial and industrial scenarios. Compared with a computing server power supply, an ESS power conversion system supports bidirectional power flow. It can deliver electricity from the grid or PV panels into the storage battery, and it can supply power from the storage battery to electrical loads. A computing server power supply, by contrast, performs a unidirectional function that delivers energy from the grid to computing servers with its power flow direction fixed, and its core mission is to ensure the stable and continuous operation of computing server.

Consumer ESS power conversion systems and PSL power conversion systems are two main categories of ESS power conversion systems. Specifically, consumer ESS power conversion systems serve portable and flexible electricity needs in consumer scenarios, whilst PSL power conversion systems support commercial and industrial operations through large-scale and distributed energy systems that integrate PV, energy storage solutions and electrical loads. ESS power conversion systems can enhance energy utilization, enable low-carbon transition, and meet the growing demand from applications across the energy ecosystem.

Value Chain of ESS Power Conversion Systems Industry

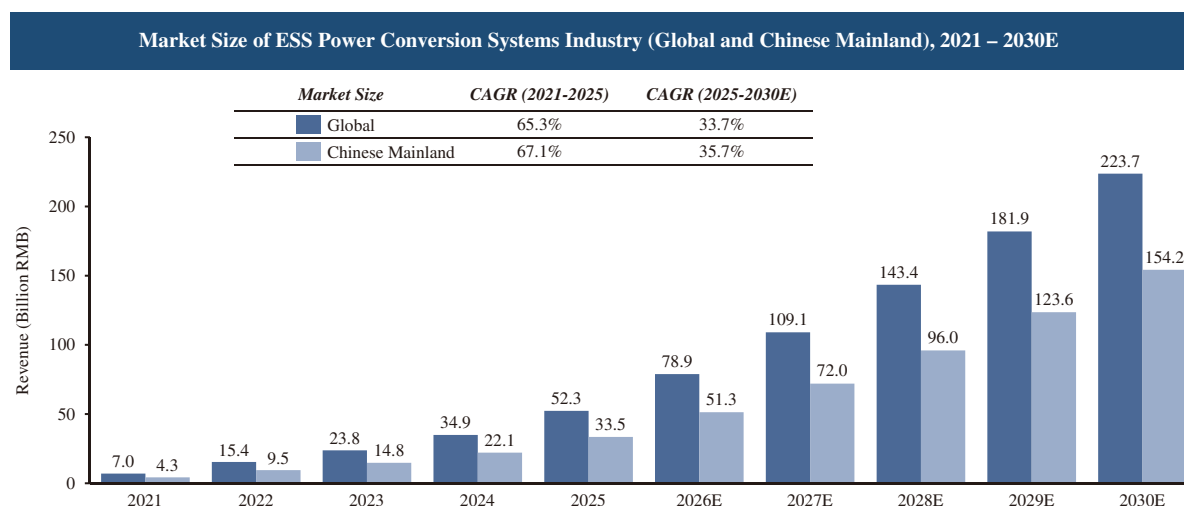
The value chain of ESS power conversion systems mainly includes upstream raw material and component suppliers, midstream ESS power conversion systems providers, and downstream applications. Upstream raw material and component suppliers are primarily engaged in the provision of power semiconductors, passive components, control and driver chips, cooling components, PCBs. Midstream ESS power conversion systems providers are responsible for the design and production of

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various ESS power conversion systems, mainly including centralized ESS power conversion systems, commercial and industrial ESS power conversion systems, consumer ESS power conversion systems and PSL power conversion systems. The downstream applications mainly include residential, commercial, industrial (including AI data centers). Residential and C&I (commercial and industrial) ESS power conversion systems differ in power scale, application positioning, and technical priorities. Residential ESS power conversion systems typically operate in the range of several kilowatts to over ten kilowatts and are designed for household PV self-consumption and backup-power scenarios, typically installed in garages, basements, exterior walls, or near rooftop PV arrays. Given their relatively small system capacities and operation in living environments, these products place greater emphasis on safety, ease of installation, and seamless integration with home battery-management systems. In contrast, C&I ESS power conversion system span from tens of kilowatts to several megawatts, commonly deployed in factories, office buildings, and shopping malls for peak-shaving, load-shifting, and power-reliability applications. They require higher system reliability, continuous-operation capability, and robust power-factor regulation.

Market Size of the Global and Chinese Mainland ESS Power Conversion Systems Industry

In 2025, the market size of ESS power conversion systems industry in terms of revenue reached RMB52.3 billion globally and RMB33.5 billion in Chinese mainland, growing at a CAGR of 65.3% and 67.1% from 2021 to 2025, respectively. In the future, the market size of ESS power conversion systems industry in terms of revenue is expected to reach RMB223.7 billion globally and RMB154.2 billion in Chinese mainland by 2030, growing at a CAGR of 33.7% and 35.7% from 2025 to 2030, respectively.



Source: Frost & Sullivan Analysis

Market Drivers and Future Trends of ESS Power Conversion Systems Industry

Increasing Demand from Backup Scenarios. Against the backdrop of intensifying global climate change, extreme weather events and natural disasters have become more frequent. Highlighting the critical needs for backup power products to sustain the operation of critical infrastructure and meet essential living needs. Moreover, the increasing penetration of renewable energy is exacerbating grid volatility, making energy availability for key appliances important for households. As the ESS power conversion is one of the essential components that manages energy flow between the battery, the grid, and home loads in these ESS units, ESS power conversion products are emerging as the main choice for backup power products, which stimulates the demand for ESS power conversion.

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Development of Renewable Energy. In line with the global energy transition, renewable energy is expanding at an unprecedented pace. PV power generation is growing rapidly worldwide and is progressively achieving grid parity. However, the intermittent and fluctuating nature of PV output presents challenges to maintaining a stable energy supply. In this context, energy storage systems have become the key link between generation and consumption, driving a shift in the industry model from one focused solely on PV power generation to one that emphasizes the integration of generation, storage and end-use consumption. The continued acceleration of renewable energy deployment will further strengthen the foundation for large-scale adoption of energy storage systems, thereby supporting the growing demand for ESS power conversion systems.

Favorable Policy Support. Governments worldwide have introduced supportive policies to promote the development of the ESS power conversion systems industry. For instance, in China, the Ministry of Industry and Information Technology and other eight authorities released the “Action Plan for the High-Quality Development of the New Energy Storage Manufacturing Industry” (《新型儲能製造業高質量發展行動方案》) in 2025, which identifies high-performance power conversion systems as a core component of new energy storage and promotes PSL applications. In the United States, the Residential Clean Energy Credit offers a tax credit of up to 30% of the cost of residential energy storage equipment, which supporting market growth for ESS power conversion systems. By establishing a supportive policy framework, governments worldwide are providing substantial support for energy storage system, which accelerating the development of the ESS power conversion systems industry.

High-density and Lightweight Products. Due to the widespread application of semiconductor materials such as silicon carbide (SiC) and gallium nitride (GaN), ESS power conversion systems are developing towards high-density and lightweight directions. The adoption of silicon carbide (SiC) and gallium nitride (GaN) devices with features of higher voltage resistance, lower switching losses, and higher operating temperatures enables ESS power conversion systems to operate at higher switching frequencies. High switching frequency can effectively reduce the volume and weight of components such as inductors and capacitors, and significantly improve the overall power density of the ESS power conversion systems.

Entry Barriers of ESS Power Conversion Systems Industry

Technology Barrier. The design of ESS power conversion systems requires the consideration of multiple aspects, such as devices-to-grid integration, and market participants’ capability to follow or even surpass the technological development trends. ESS manufacturers need to promptly ensure the feasibility and demand of their research directions and product strategies, which requires long-term accumulation of technical expertise. New entrants may face considerable pressure in technology research and product upgrading, making it difficult to keep up with industry development.

Supply Chain Barrier. Mass production of ESS power conversion systems requires robust supply chain management capabilities to achieve efficient coordination of raw material procurement, logistics and production. Leading market participants have established stable and efficient supply chain systems through long-term cooperation with upstream and downstream partners, which can ensure steady supply of raw materials and continuous production operation. New entrants may face challenges in establishing a reliable supply chain.

Competitive Landscape of the Global and Chinese Mainland ESS Power Conversion Systems Industry

The global ESS power conversion systems industry has expanded rapidly in recent years, propelled by the integration of renewable energy, grid-modernization programs, and growing demand for reliable power management. ESS power conversion systems can enable efficient bidirectional conversion, system coordination, and performance optimization across residential, commercial, industrial, and utility-scale deployments. Market participants typically encompass (i) traditional power-electronics and inverter manufacturers with a wide range of product portfolios including ESS

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power conversion systems; and (ii) specialized ESS power conversion systems providers that focus on the R&D and production of ESS power conversion systems such as consumer ESS power conversion systems and PSL power conversion systems.

Overall, the global ESS power conversion systems industry is relatively fragmented. In terms of revenue derived from ESS power conversion systems in 2025, our Group accounted for approximately 0.6% of the global market size of ESS power conversion systems.

Raw Material Prices Analysis of ESS Power Conversion Systems Industry

In the ESS power conversion systems industry, the core raw materials mainly include power semiconductors, passive components, control and driver chips, cooling components, PCBs, among others. For power semiconductors, compared to conventional devices such as IGBTs and MOSFETs, wide-bandgap technologies including silicon carbide (SiC) and gallium nitride (GaN) are pivotal for high-efficiency conversion and power-density gains, which unlock performance advantages but remain elevated in prices, exerting pressures on raw material costs and forming technical barriers for high-performance products. Control and driver chips further influence conversion precision, protection latency, and digital features. Therefore, the costs of power semiconductors and control and driver chips accounted for over 50% of the total raw material costs of ESS power conversion systems. Overall, the price fluctuations of raw materials of ESS power conversion systems are primarily affected by the dynamics of supply and demand.

SOURCE AND RELIABILITY OF INFORMATION

In connection with the [REDACTED], we engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on the industries where we operate with a commission fee of RMB425,000. Founded in 1961, Frost & Sullivan is an independent global consulting firm that conducts industry research and prepares industry report on a wide range of industries, among other services. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent’s information and expressions against those of others: (i) detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts; and (ii) secondary research, which involved reviewing published sources including reports of market participants, independent research reports and data based on Frost & Sullivan’s own research database.

Frost & Sullivan adopted the following primary assumptions while making projections for preparing the Frost & Sullivan Report: (i) global economy is likely to maintain steady growth in the next decade; (ii) global social, economic and political environment is likely to remain stable in the forecast period; and (iii) market drivers such as favorable policies, increasing demand for power supply, technological improvements, among others.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict, or have an impact on such information.