

INDUSTRY OVERVIEW

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OVERVIEW OF GLOBAL LITHIUM-ION BATTERY INDUSTRY

Overview of the Lithium-ion Battery Industry

Lithium-ion batteries are rechargeable electrochemical systems that achieve energy storage and release through the reversible migration of lithium ions between the cathode and the anode. Benefiting from their comprehensive advantages, including high energy density, long cycle life, stable power output and light weight, lithium-ion batteries have become one of the most widely adopted and technologically mature core solutions within modern energy systems. Based on application scenarios, lithium-ion batteries are primarily classified into EV batteries, energy storage system (“ESS”) batteries, consumer electronics batteries, and batteries for emerging application fields (such as robots and the low-altitude economy applications). They are extensively applied across a wide range of scenarios, including new energy vehicles (“NEVs”), ESS, mobile smart terminal devices, the low-altitude economy and robots, and have become a fundamental pillar underpinning the global energy and manufacturing industries.

Against the backdrop of the accelerating carbon-neutrality transition, demand for lithium-ion batteries continues to rise, driven by factors such as the increasing penetration of NEVs and the accelerated development of ESS. At the same time, the emergence of new technology applications is further expanding the application boundaries of lithium-ion batteries. Fields such as robots and the low-altitude economy applications are exhibiting growing demand for batteries with high energy density, enhanced safety performance and wide operating temperature ranges, thereby becoming new growth drivers for technological iteration and premium development within the lithium-ion battery industry. As a critical medium for lithium-ion transport within lithium-ion batteries, electrolytes directly affect energy output efficiency, cycle life and safety performance. Continuous innovation in electrolytes toward high-voltage systems, wide-temperature applications and fast-charging capabilities is expected to serve as a key driver for performance upgrades and market expansion across the industry. Lithium-ion batteries have become a core driving force in the green, low-carbon and clean-energy transition, with applications extending from transportation to power generation, energy storage, power distribution and end-use consumption, playing a central role across all stages of energy flow, utilization and management. As application boundaries continue to expand and performance steadily improves, the lithium-ion battery value chain is simultaneously accelerating technological innovation and value restructuring in key materials such as electrolytes, forming a critical industrial foundation supporting intelligentization and decarbonization.

Analysis of the Market Size of the Global Lithium-ion Battery Industry

The global lithium-ion battery industry has maintained rapid growth and has become a key pillar supporting the global energy transition and the development of new industrial systems. Global lithium-ion battery shipment volume increased from 576.0 GWh in 2021 to 2,278.9 GWh in 2025, representing a CAGR of 41.0%. It is expected that global shipment volume will exceed 5,900 GWh by 2030, representing a CAGR of 21.0% from 2025 onwards. China remains the largest market globally, with shipment volume increasing from 327.0 GWh in 2021 to 1,522.7 GWh in 2025, representing a CAGR of 46.9%. Shipment volume in China is expected to exceed 3,300 GWh by 2030, maintaining a CAGR of 16.9% from 2025 onwards.

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Amid structural shifts in the global market, driven by the continuous increase in NEVs penetration rates and the rapid development of ESS, the share of global lithium-ion battery shipment volume of Europe is expected to increase from 11.9% in 2025 to 14.0% by 2030 with a CAGR of 25.1% during this period. In response to rising localized demand, leading battery manufacturers are accelerating the construction of production capacity across global markets, driving upstream raw materials, electrolytes and other core segments to expand overseas and promote supply-chain localization. As a result, the global lithium-ion battery supply system is evolving from a highly centralized structure toward a regionally coordinated model.

Meanwhile, lithium-ion batteries are rapidly expanding into emerging application fields, including robots and the low-altitude economy applications. It is estimated that by 2030, global lithium-ion battery shipment volume for such emerging application fields will exceed 260 GWh, representing a CAGR of over 40% from 2025 onwards, and becoming a new incremental growth engine for the lithium-ion battery industry.

Analysis of the Market Size and Growth Drivers for the Global Lithium-ion Battery Industry in Application Scenarios

The global battery industry across EV, energy storage, consumer electronics, and emerging applications is expanding rapidly under strong policy support and technological upgrades. In EV batteries, policies such as “the Opinions of the CPC Central Committee and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development” 《中共中央、國務院關於加快經濟社會發展全面綠色轉型的意見》, “Regulation EU 2019 631”, and the “REPowerEU Plan” are driving electrification and higher requirements for energy density, safety, and efficiency, with global shipments rising from 375.0 GWh in 2021 to 1,495.0 GWh in 2025 at a CAGR of 41.3% and projected to reach 3,766.5 GWh by 2030 at 20.3%, while China increased from 226.0 GWh to 1,103.0 GWh at 48.6% CAGR and is expected to reach 2,405.5 GWh by 2030 with a CAGR of 16.9% from 2025, and Europe growing from 179.4 GWh in 2025 to 470.8 GWh by 2030 with a CAGR of 21.3% from 2025. In energy storage, driven by grid demand and policies such as “the 14th Five Year Plan for New Energy Storage Development” 《“十四五”新型儲能發展規劃》 and “the Guidance on Accelerating the Development of New Energy Storage” 《關於加快推動新型儲能發展的指導意見》, global shipments rose from 70.0 GWh in 2021 to 632.3 GWh in 2025 at a CAGR of 73.4% and are expected to reach 1,704.3 GWh by 2030 at a CAGR of 21.9% from 2025, with China increasing from 48.0 GWh to 352.0 GWh at a CAGR of 64.6% from 2021 to 2025 and reaching 673.3 GWh by 2030 at a CAGR of 13.9% from 2025, while Europe expands from 69.6 GWh in 2025 to 289.7 GWh by 2030 at a CAGR of 33.0% from 2025. In consumer electronics, shipments grew from 98.0 GWh in 2021 to 110.0 GWh in 2025 at a CAGR of 2.9% and are expected to reach 179.4 GWh by 2030 at a CAGR of 10.3% from 2025, with China rising from 33.0 GWh to 37.7 GWh at a CAGR of 3.4% from 2021 to 2025 and reaching 56.9 GWh by 2030, driven by smart devices and AI trends requiring higher voltage and fast charging. Emerging applications including robotics and low-altitude economy are becoming new growth drivers, with global shipments expected to exceed 260 GWh by 2030 at over 40% CAGR from 2025. Driven by AI-enabled embodied robots and low-altitude economy applications, technical requirements for lithium-ion batteries in terms of high power density, fast-charging capability, stability under extreme conditions, and safety reliability are rising significantly. This trend is promoting continuous innovation in electrolyte systems and solid-state electrolytes.

OVERVIEW OF THE GLOBAL ELECTROLYTE INDUSTRY

Overview of the Electrolyte Industry

Electrolytes are key functional materials in lithium-ion batteries responsible for ion conduction. Composed of solutes, solvents, and various functional additives, it serves as the core medium enabling energy conversion and stable cycling in batteries. In lithium-ion batteries, electrolytes typically account for approximately 10-15% of the raw material cost, and its performance directly impacts key performance indicators such as energy density, safety, rate capability, cycle life and so on.

- **Solutes:** Solutes support ion transport between the cathode and anode during charge and discharge processes and directly affect the ionic conductivity and electrochemical stability of lithium-ion batteries. Representative solutes such as LiPF_6 form the core foundation for establishing stable and efficient ion conduction systems.

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- **Solvents:** Acting as the medium for lithium-ion migration, solvents determine the solubility of solutes and ion transport efficiency, thereby influencing rate capability, temperature adaptability, and interfacial reaction behavior of lithium-ion batteries.
- **Functional additives:** Added in small proportions, functional additives enable targeted performance regulation and contribute to improvements in battery safety and cycle life, among other performance characteristics.

Electrolytes can be classified based on application scenarios into EV battery electrolytes, ESS battery electrolytes, and consumer electronics battery electrolytes. EV battery electrolytes require a balance of high energy density, fast-charging capability, and safety, and are widely used in NEVs and electric equipment. ESS battery electrolytes emphasize long cycle life and wide temperature stability, suitable for industrial, commercial, and grid-level storage applications. Consumer electronics battery electrolytes focus on high voltage tolerance, high energy density and wide temperature stability, meeting the lightweight and high-energy demands of smart terminals and wearable devices. The application boundaries of electrolytes are also expanding into emerging sectors. With the rise of robots and low-altitude economy applications, there is a growing demand for high-power-density, high-rate charge/discharge, and extreme-environment stability. This has driven the development of electrolyte systems with higher ionic conductivity and stronger interfacial stability, forming a new growth engine for the industry.

The conductivity, chemical stability, and interfacial film-forming performance of electrolytes directly determine the energy density, safety, and cycle life of lithium-ion batteries. Driven by the increasing penetration of NEVs, expansion of ESS installations, and upgrades in consumer electronics, global electrolyte demand continues to grow. High-voltage, high-safety, and wide-temperature-range electrolyte systems are becoming mainstream. Applications of phosphorus-containing flame retardants, and novel functional additives are being continuously promoted. Meanwhile, the industry is accelerating its transition to new-generation systems. Products such as sodium-ion electrolytes, hybrid solid-liquid electrolytes, gel electrolytes and solid-state electrolytes are gradually entering mass production and application stages, providing new solutions for lithium-ion batteries and driving the electrolyte industry toward diversification and high-performance development. Compared with lithium-ion electrolytes, sodium-ion electrolytes are characterized by relatively low cost, as well as good thermal stability and low-temperature performance. Hybrid solid-liquid electrolytes combine the ionic conductivity of liquid systems with the safety and stability characteristics of solid-state systems, while gel electrolytes feature improved interfacial stability and reduced leakage risk. Solid-state electrolytes are characterized by high thermal stability and non-flammability, and are being developed for next-generation battery systems. Below are the key lithium-ion battery performance aspects influenced by the electrolyte:

- **Energy density:** Electrolytes with high ionic conductivity and stable chemical properties facilitate smooth lithium-ion transport between the cathode and anode, reducing internal resistance and polarization, thereby enabling batteries to deliver a higher proportion of their designed capacity during charge and discharge processes.
- **Safety:** High-quality electrolytes exhibit strong thermal stability and interfacial compatibility while reducing flammability, helping to suppress thermal runaway and rapid temperature rise, thereby enhancing the inherent safety of batteries during operation.
- **Cycle life:** Electrolytes with good chemical stability and interfacial film-forming capability can form stable protective layers on electrode surfaces, slowing the loss of active lithium-ion and electrolyte decomposition, extending capacity retention, and ensuring long-term reliability.

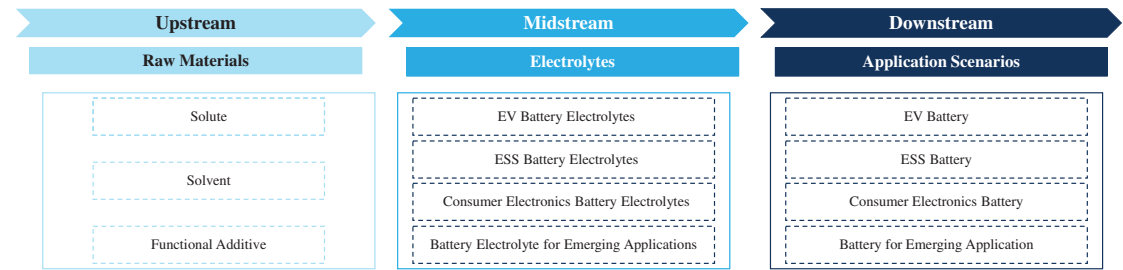
Value Chain Analysis of the Global Electrolyte Industry

The global electrolyte industry value chain spans upstream raw materials, midstream processing, and downstream applications, with increasing integration across all stages. Upstream consists of solutes accounting for about 40% to 50% of costs, solvents 30% to 40%, and functional additives 10% to 20%, which together determine cost structure, pricing, and performance stability,

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prompting leading companies to strengthen supply security and cost control through scaled procurement and upstream research and development. Midstream involves formulation, refining, blending, and filling, which are critical to safety and performance such as conductivity and cycle life, and where companies create value by adopting intelligent and digitalized manufacturing to enhance efficiency, consistency, and product differentiation. Downstream demand comes from electric vehicle, energy storage, and consumer batteries and is expanding into emerging fields such as robotics, with a clear shift toward high voltage, high safety, and wide temperature solutions that require closer collaboration with battery manufacturers. Leading companies are building fully integrated capabilities from raw material development to mass production and delivery, supported by global capacity layout and partnerships, while advancing next generation electrolyte systems to strengthen competitiveness across a wide range of applications.

Value Chain of Global Electrolyte Industry



Sources: Frost & Sullivan

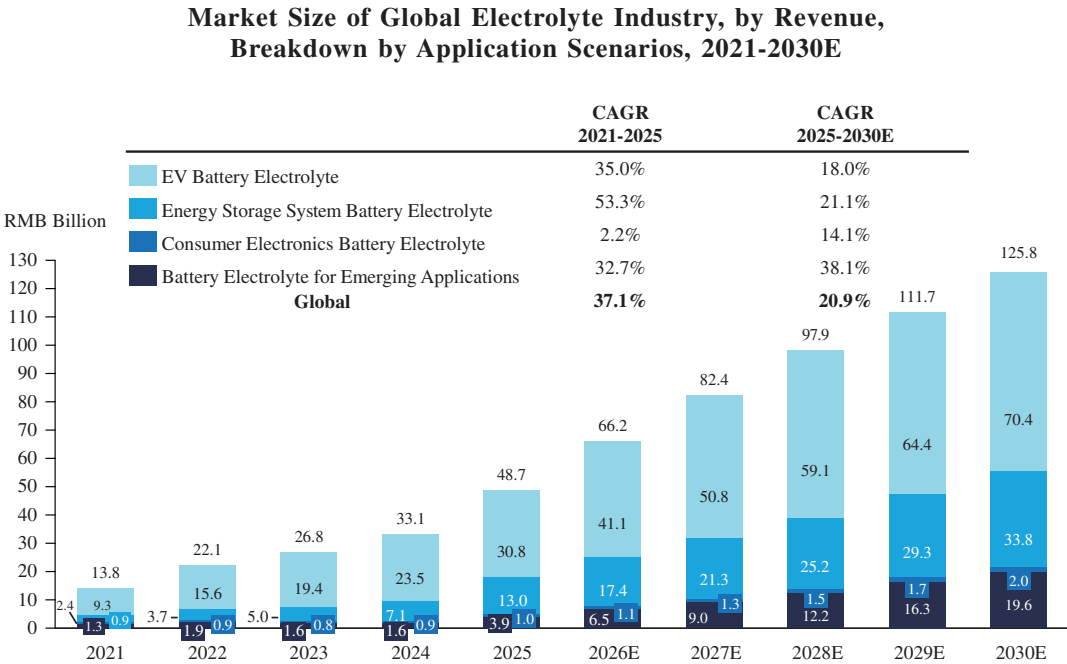
Market Size Analysis of the Global Electrolyte Industry

The market size of electrolytes is closely linked to the development of the lithium-ion battery industry and exhibits cyclicity, influenced by fluctuations in demand, capacity expansion and inventory adjustment cycles. From 2021 to 2022, average prices of LiPF_6 increased significantly, primarily driven by a sharp rise in global NEV demand and constraints on effective upstream capacity. As newly added upstream capacity was gradually commissioned and supply chain conditions stabilized, the average price of LiPF_6 declined from RMB130,200 per ton in 2023 to RMB62,500 per ton in 2024, meanwhile, market size for electrolytes in terms of revenue continued to grow with a year-on-year growth of 23.7% from 2023 to 2024. Since 2025, as demand from downstream applications such as NEVs and ESS rebounds and emerging application areas continue to expand, together with ongoing optimization and development of industry capacity, electrolyte revenue has increased by 47.0%. In 2021, the global electrolyte industry market size in terms of revenue reached approximately RMB13.8 billion, growing to about RMB48.7 billion in 2025, with a CAGR of 37.1% between 2021 and 2025. Driven by the continued penetration of NEVs worldwide, accelerated development of ESS, efficiency and integration upgrades in consumer electronics, and rapid expansion in emerging applications such as robots and low-altitude economy applications, the market size of global electrolyte industry in terms of revenue is expected to reach RMB125.8 billion by 2030, with a projected CAGR of 20.9% from 2025 to 2030.

From an application perspective, electrolytes for EV batteries and ESS batteries constitute the main downstream products. Among these, EV battery electrolytes represent the largest segment, accounting for over 60% of the market in 2025, followed by ESS battery electrolytes at approximately 26.6%. Electrolytes for consumer electronics and emerging applications accounted for about 2.1% and 8.0%, respectively, in 2025. Looking forward, as EV adoption accelerates globally, the market size of EV battery electrolytes in terms of revenue is expected to increase from RMB30.8 billion in 2025 to RMB70.4 billion in 2030, representing a CAGR of 18.0%. The ESS battery electrolytes market size measured by revenue is projected to rise from RMB13.0 billion in 2025 to RMB33.8 billion in 2030, with a CAGR of 21.1%, supported by rapid expansion of storage systems and growing industrial and commercial demand. With the continued development of AR/VR devices, foldable electronics, and end-use devices, market size of global consumer

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electronics battery electrolytes in terms of revenue is projected to grow from RMB1.0 billion in 2025 to RMB2.0 billion by 2030, with a CAGR of 14.1%. Electrolytes for emerging applications are anticipated to benefit from the demand for high-energy-density, high-safety, and lightweight battery systems in robots, low-altitude economy applications, and other sectors, with global market size in terms of revenue increasing from RMB3.9 billion in 2025 to RMB19.6 billion in 2030, with a CAGR of 38.1%.



Sources: GGII, EVTank, Frost & Sullivan

From a regional market perspective, China occupies a pivotal position in the global electrolyte industry. Supported by the world-leading penetration of NEVs and the early-stage large-scale deployment of ESS, China’s electrolyte market in terms of revenue expanded from RMB8.2 billion in 2021 to RMB36.9 billion in 2025, representing a CAGR of 45.7%. As the energy transition continues to advance steadily, the electrolyte market in China is expected to reach RMB95.7 billion by 2030, with a CAGR of 21.0% from 2025 to 2030.

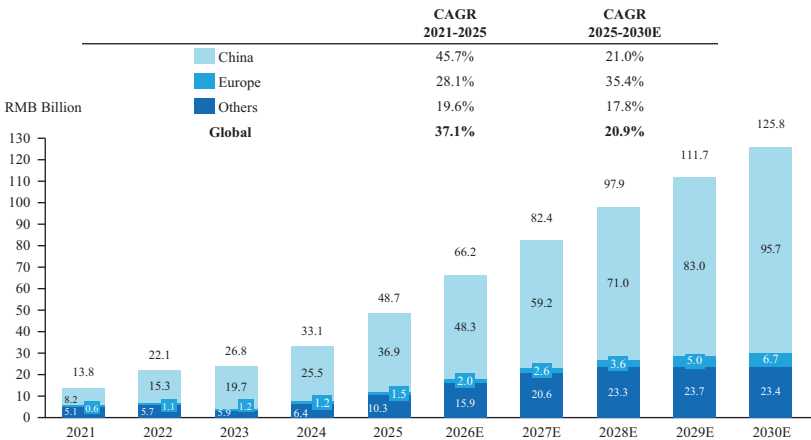
In order to better serve the rapidly expanding European battery manufacturing base, shorten supply chains, mitigate cross-border logistics risks and align with local content requirements under the EU’s green transition policies, major Chinese electrolyte manufacturers are accelerating the construction of overseas production facilities in Europe to enhance regional supply capabilities. For example, leading Chinese electrolyte producers have announced or commenced investments in localized production plants in countries such as Hungary and other Central and Eastern European markets, often in proximity to newly established battery gigafactories, in order to provide timely technical support and ensure stable supply to European customers.

Against this backdrop, the European electrolyte market has expanded significantly in recent years, driven by accelerating electric vehicle production and energy storage deployment. The market size of the electrolyte industry in terms of revenue in Europe increased from approximately RMB0.6 billion in 2021 to around RMB1.5 billion in 2025, representing a CAGR of approximately 28.1%. With multiple battery gigafactories under construction or ramping up production across Europe, market size of the electrolyte in terms of revenue is expected to grow rapidly and is projected to exceed RMB6.7 billion by 2030, implying a CAGR of over 35% from 2025 to 2030,

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which is higher than the projected growth rates of both the China and global markets during the same period. This accelerated growth trajectory reflects Europe’s strategic push toward battery localization and supply chain security, and provides meaningful expansion opportunities for electrolyte suppliers establishing local manufacturing capacity.

Market Size of Global Electrolyte Industry, by Revenue, Breakdown by Regions, 2021-2030E



Sources: GGII, EVTank, Frost & Sullivan

Analysis of Production Capacity, Supply and Demand in the Global and Chinese Mainland Electrolyte Markets

In 2021, the capacity utilization rate of China’s electrolyte industry exceeded 60%, indicating a relatively balanced supply-demand relationship. Since 2022, however, rapid capacity expansion, coupled with slower downstream demand growth, has resulted in industry-wide overcapacity. Total electrolyte production capacity in China increased from approximately 2.1 million tons in 2022 to approximately 5.0 million tons in 2024, while the capacity utilization rate declined to approximately 30% in 2024, corresponding to approximately 3.5 million tons of idle capacity, reflecting significant overcapacity in the industry. As China accounts for approximately 90% of global electrolyte shipments, the supply-demand dynamics of the global electrolyte market largely mirror those of the Chinese Mainland market, and therefore the global market has also experienced a similar level of overcapacity.

Since 2025, the industry’s supply-demand dynamics have gradually improved as obsolete and inefficient production capacity has been phased out, new capacity additions have become more disciplined, and downstream demand from NEVs, ESS and other emerging applications has continued to increase. In 2025, China’s effective electrolyte production capacity declined to approximately 4.0 million tons, with the capacity utilization rate recovering to approximately 55%, indicating a notable easing of overcapacity. From 2026 to 2030E, new capacity additions are expected to become more aligned with market demand, with the industry’s focus shifting from aggressive capacity expansion to improving capacity utilization and production efficiency. As a result, the supply-demand balance is expected to continue improving, capacity utilization is projected to increase further, and the risk of industry overcapacity is expected to remain relatively limited. Given China’s dominant position in global electrolyte supply, the global electrolyte market is expected to follow a similar development trend.

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Analysis of Development Trends of the Global Electrolyte Industry

Although China’s battery industry experienced a phase of rapid capacity expansion that led to periodic oversupply during 2023 to 2024, the excess is expected to gradually ease under coordinated effects from policy guidance, supply-side adjustment and sustained downstream demand growth. From a policy perspective, the Chinese government has shifted its focus toward high-quality development under frameworks such as the “New Energy Vehicle Industry Development Plan (2021–2035)”, the “14th Five-Year Plan for Industrial Green Development”, and the “Action Plan for Carbon Peaking Before 2030”, strengthening industry standards, environmental and energy-efficiency requirements, and encouraging technological upgrading while accelerating the elimination of outdated and inefficient capacity. In particular, the Ministry of Industry and Information Technology of the PRC issued the “Lithium-ion Battery Industry Standard Conditions (2024 Edition)” and the “Administrative Measures for the Announcement of Lithium-ion Battery Industry Standards (2024 Edition)”, which impose higher technical, quality, energy-efficiency and production requirements across the lithium-ion battery value chain, including electrolytes, while discouraging manufacturing projects that merely expand capacity. In addition, in February 2025, the “Action Plan for High-quality Development of the New Energy Storage Manufacturing Industry” was issued, which further called for strengthened monitoring and early warning of lithium-ion battery production capacity, guided local governments to scientifically and orderly plan new energy storage manufacturing projects, and sought to prevent blind investment and low-level redundant construction. Meanwhile, in August 2025, the “Special Action Plan for Large-scale Construction of New Energy Storage (2025–2027)” further promoted the large-scale development and high-quality growth of new energy storage, expanding effective downstream demand and promoting coordinated development, quality enhancement and efficiency improvement across the upstream and downstream industry chain. These policies are conducive to the expansion of high-quality production capacity and support the long-term development of electrolyte suppliers that satisfy the enhanced technical, quality and energy-efficiency requirements. As a result, leading market participants are expected to be better positioned to pursue capacity expansion initiatives in line with industry development trends and regulatory requirements. From a supply-side perspective, intensified competition and margin pressure have driven the gradual exit or consolidation of weaker and low-end producers, resulting in structural capacity rationalization and improved industry concentration, particularly benefiting leading manufacturers such as CATL. From a demand perspective, continued growth in NEVs, rapid expansion of energy storage installations, steady demand from consumer electronics, and emerging applications such as robots and low-altitude economy collectively provide diversified and resilient end-market support. As a result, overcapacity of the battery industry eased since the second half of 2025, supporting stable production growth of major battery manufacturers and, in turn, sustaining demand for upstream electrolyte products. Consequently, the structural optimization of the battery industry is expected to mitigate the impact of prior overcapacity and provide a more stable and supportive operating environment for the electrolyte industry and the Group’s long-term development.

- ***Global Market Demand Growth Driving Industry Expansion***

Global lithium-ion battery shipments continue to rise, fueling rapid growth in electrolyte demand. Driven by both EV adoption and ESS development, global lithium-ion battery shipments are projected to exceed 5,900 GWh by 2030. In the EV sector, trends toward higher energy density, fast charging, and enhanced safety are accelerating, while in the energy storage market, the integration of renewable energy, grid peak shaving, and industrial & commercial storage needs are significantly expanding the demand for long-life, wide-temperature electrolytes. As demand grows and products upgrade toward higher performance, electrolyte value-added content continues to increase, supporting a steady upward trend in pricing.

The localization of manufacturing in overseas regions is becoming increasingly prominent. For example, the share of lithium-ion battery shipments in Europe is expected to rise from 11.9% in 2025 to approximately 14.0% by 2030. With the global lithium-ion battery supply chain accelerating its international layout, leading industry players, particularly Chinese companies, are simultaneously expanding electrolyte and key material production capacity in Europe, and other regions to meet local supply requirements for overseas battery factories. This expansion is driving the transformation of the electrolyte manufacturing system from China-centric supply to multi-region coordinated supply, fostering a diversified global supply structure that combines industry expansion with regional integration.

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- ***Expansion into Emerging Applications Unlocking New Growth***

Electrolyte applications are extending beyond traditional EV and ESS markets into broader emerging scenarios. High-energy-demand applications such as robots and low-altitude economy applications are increasing requirements for energy density, conductivity, and safety, driving rapid growth in demand for specialty electrolytes. By 2030, the global robotics market is expected to exceed USD15 billion, while the low-altitude economy is projected to surpass USD1 trillion. These trends strongly stimulate the demand for lightweight, high-rate, and high-stability electrolytes. Global revenue of electrolytes for emerging applications are expected to exceed RMB19 billion by 2030, becoming a key driver for technological innovation and industry growth.

- ***Accelerated Evolution of Technological Pathways Driving Industrial Upgrading***

Facing the dual trend of high energy density and safety, the electrolyte industry is entering a period of accelerated technological advancement. High-voltage, high-safety, and wide-temperature systems have become mainstream, with the industrial adoption of phosphorus-based flame-retardant systems, and new functional additives steadily progressing. These advances are improving lithium-ion battery performance in terms of cycle life and operational stability.

The industrialization of solid-state batteries is accelerating, with projected shipments accounting for over 10% of total lithium-ion battery volume by 2030. The industry is transitioning from traditional liquid electrolytes to diversified structures, with sodium-ion electrolytes, gel electrolytes, hybrid solid-liquid electrolytes, and solid-state electrolytes entering pilot and mass production stages, enabling new applications for lithium-ion batteries.

Competitive Landscape of Global Electrolyte Industry

The global electrolyte industry comprises both independent electrolyte manufacturers and affiliated electrolyte manufacturers. Independent manufacturers, including the Group, primarily supply electrolyte products to multiple lithium-ion battery manufacturers and compete based on factors such as product performance, formulation capabilities, quality consistency, customer base, supply reliability and technological innovation. In contrast, affiliated electrolyte manufacturers, such as Company C, primarily produce electrolyte products for internal consumption within their own lithium-ion battery manufacturing operations, and their competitiveness is supported by vertical integration and coordination with downstream battery production.

In 2025, the global electrolyte industry market size reached RMB48,707 million in terms of revenue. Taking into account both independent and affiliated electrolyte manufacturers, the top five companies collectively accounted for 57.1% of the global market share, indicating a relatively concentrated market. Among all market participants, our Group ranked fourth globally with revenue of RMB1,746 million, capturing approximately 3.6% of the global market share.

Top Five Global Electrolyte Manufacturers by Electrolyte Revenue, 2025

Ranking	Company	Revenue (Million RMB)	Market Share (%)
1	Company A	13,046	26.8%
2	Company B	5,742	11.8%
3	Company C	5,550	11.4%
4	Our Group	1,746	3.6%
5	Company D	1,721	3.5%
Top Five		27,805	57.1%
Total		48,707	

Sources: Frost & Sullivan

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On a standalone basis excluding affiliated manufacturers and considering only independent electrolyte manufacturers, the top five independent suppliers collectively accounted for 49.2% of the global market share in 2025. Among independent electrolyte manufacturers, the Group ranked third globally by revenue in 2025.

Top Five Global Independent Electrolyte Suppliers by Electrolyte Revenue, 2025

Ranking	Company	Revenue (Million RMB)	Market Share (%)
1	Company A	13,046	26.8%
2	Company B	5,742	11.8%
3	Our Group	1,746	3.6%
4	Company D	1,721	3.5%
5	Company E	1,705	3.5%
Top Five		23,960	49.2%
Total		48,707	

Sources: Frost & Sullivan

Notes:

- Company A was founded in 2000, headquartered in Guangdong Province, China, and is listed on the Shenzhen Stock Exchange. It primarily engages in the R&D, production and sales of fine chemical new materials, with products mainly including electrolytes, additives, daily chemical materials and other specialty chemicals, and overseas operations covering North America, Europe and Southeast Asia.
- Company B was founded in 2002, headquartered in Guangdong Province, China, and is listed on the Shenzhen Stock Exchange. It professionally engaged in the R&D, production, sales and related services of advanced electronic chemicals, with products including battery chemicals, capacitor chemicals, organofluorine chemicals and semiconductor chemicals, and business presence in both domestic and overseas markets including North America, Europe and Southeast Asia.
- Company C was founded in 1995, headquartered in Guangdong Province, China, and is listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. It is a global NEV and battery manufacturer, with business operations covering major markets around the world. Its principal businesses include NEVs, batteries, ESS and electronic products. As part of its vertically integrated battery value chain, the company manufactures electrolyte products primarily for internal consumption in its battery production operations.
- Company D was founded in 2007, headquartered in Guangdong Province, China. It specializes in the research, development, production and sales of electrolytes, solvents, additives and infiltration inducers, as well as aluminum-plastic composite films, with products widely applied in EV batteries, ESS and consumer electronics, and operates an overseas production facility in Indonesia. The company plans to establish technical centers and manufacturing bases in Europe and North America.
- Company E was founded in 2002, headquartered in Shandong Province, China, and is listed on the Shanghai Stock Exchange. It is an integrated lithium-ion battery-related materials provider who have developed a full value-chain footprint encompassing electrolyte solvents, LiPF₆, electrolyte additives, electrolytes and other advanced new materials. As of December 31, 2025, it located five production bases across China in Dongying, Shandong; Zoucheng, Shandong; Wuhan, Hubei; Quanzhou, Fujian; and Meishan, Sichuan.

ENTRY BARRIER ANALYSIS OF THE GLOBAL ELECTROLYTE INDUSTRY

• Customer Barriers

Entering the supply chain of mainstream battery manufacturers requires electrolytes to undergo multiple rigorous validation cycles, typically lasting one to two years. Leading companies leverage their established top-tier customer base and have set up joint R&D mechanisms and customized development processes with power battery, ESS battery, and consumer electronics battery manufacturers, forming stable collaborative relationships. They have obtained certifications and long-term stickiness with clients. New entrants face long certification cycles and high costs, finding it difficult to access large-scale validation resources from leading customers.

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- **Technology Barriers**

Electrolyte performance directly affects battery energy density, safety, and cycle life, making the industry highly demanding in terms of formulation systems, material compatibility, and process control precision. Leading companies have accumulated multi-system technical reserves over long-term R&D, including high-voltage, high-safety, and wide-temperature-range electrolytes. They have established comprehensive raw material screening, formulation databases, and electrochemical performance verification systems, enabling rapid responses to various product requirements and market trends. New entrants without systematic R&D capabilities or validation experience face difficulties overcoming the high-threshold technical verification cycle; product consistency and batch stability are also challenging to meet mainstream battery manufacturers’ standards.

- **Process and Production Barriers**

Electrolyte production involves multiple high-complexity processes, including high-purity refining, precise mixing, automated filling, and hazardous chemical storage and transportation. These processes require not only stringent equipment configuration and process control, but also stable mass-production capability, high yield rates, and long-term production consistency. Industry leaders leverage multi-regional production bases and coordinated scheduling systems to achieve highly stable and integrated operations across raw material supply, production line switching, quality control, and delivery response. This not only optimizes cost structures but also significantly enhances supply chain reliability and continuity. Large-scale operations provide flexible order allocation, cross regional capacity allocation, and risk diversification. In contrast, new entrants are generally limited by initial production capacity, low equipment utilization, lack of process experience, and lengthy safety approval cycles, finding it difficult to achieve comparable stability and efficiency in the short term, and challenging to meet leading customers’ requirements for continuous supply and consistent quality.

- **Product Barriers**

Leading companies typically maintain a multi-system product portfolio covering power batteries, ESS, consumer electronics, and emerging applications. They can provide customized formulations and rapid adaptation solutions for differentiated requirements such as high voltage, fast charging, wide temperature range, low gas swelling, and flame retardancy. Leveraging extensive product accumulation and large-scale validation data, leading companies continuously iterate on film-forming mechanisms, additive system design, and interface engineering. New entrants find it difficult to develop an equally comprehensive and production-verified product portfolio in a short period.

- **Globalization Barriers**

With the global lithium-ion battery supply chain accelerating localization, electrolyte companies must possess cross-regional operational and international compliance capabilities. Leading companies build multi-market supply and quality networks through overseas plants, raw material procurement, and international certification systems, ensuring stable delivery under different regulatory regimes. Global layout also provides advantages in logistics optimization, and localized customer service. New entrants without international management experience or compliance frameworks struggle to enter overseas mainstream supply chains, limiting market expansion.

- **Talent Barriers**

The electrolyte industry depends heavily on multi-disciplinary talent, encompassing chemical synthesis, electrochemistry, process control, and safety management. Leading companies have specialized teams across R&D, quality, and engineering functions, forming a complete talent system from laboratory to industrialization. They continuously enhance professional capabilities through internal training and external collaboration. New entrants, constrained by scarce technical personnel and limited experience, struggle to quickly form efficient teams and achieve stable processes, which restricts product quality and R&D efficiency.

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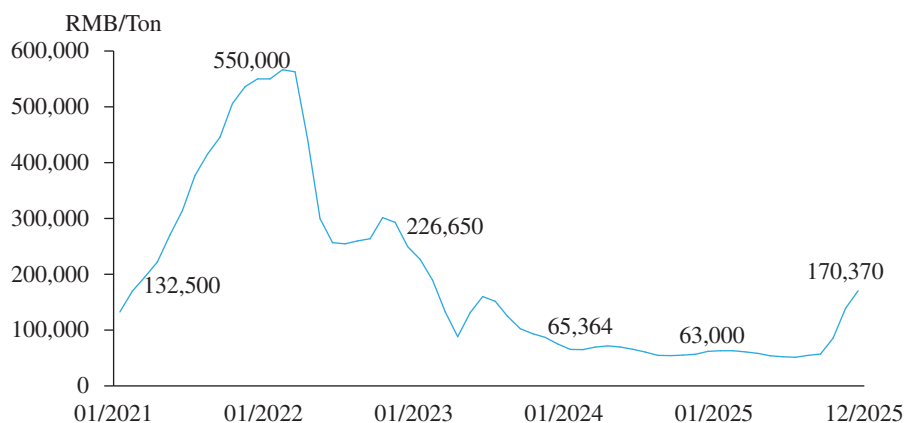
MARKET CHALLENGE ANALYSIS OF GLOBAL ELECTROLYTE INDUSTRY

The electrolyte industry faces several market challenges. First, fluctuations in the prices of raw materials, such as solutes and solvents, have impact on production costs. Second, the industry has high technical barriers: new entrants must overcome complex processes such as precise formulation, automated filling, and safe storage and transportation, while also establishing comprehensive quality management and safety systems, requiring significant initial investment. In addition, market competition is intensifying. Leading companies leverage large-scale operations, cross-regional coordination, and reliable supply capabilities to create strong competitive barriers, making it difficult for new entrants to achieve comprehensive competitiveness in pricing, delivery, and service in the short term. Furthermore, with the rapid growth in the demand for end markets, customers increasingly require product consistency, reliability, and sustainable supply. Industry players must continuously optimize supply chains and manufacturing processes to meet the dual pressures of cost control and delivery responsiveness.

PRICE ANALYSIS OF RAW MATERIALS AND ELECTROLYTE PRODUCTS

Raw material costs typically account for 75%-90% of the total cost of electrolytes. The solute is one of the most critical raw materials in electrolytes, with LiPF_6 , as the mainstream solute, typically accounting for approximately 40%–50% of the electrolyte’s raw material cost. The price for the primary raw material for electrolytes, LiPF_6 , is influenced by a combination of factors, including macro-level demand for new energy, changes in supply chain capacity, policy guidance, and global battery market price trends. During the period from 2020 to 2025, the average price of LiPF_6 ranged from a high of over RMB560,000 per ton in March 2022 to a low of approximately RMB49,000 per ton in August 2025. The price increase from 2021 to 2022 was primarily driven by: (1) the explosive growth in the global demand for NEVs, which sharply increased the demand for power batteries; and (2) the limited effective upstream capacity release, further pushing LiPF_6 prices upward. During 2023 and 2025, as upstream capacity construction came online and the supply chain gradually stabilized, LiPF_6 prices began to level off. Looking forward, the annual average prices of LiPF_6 are expected to rebound in 2026, primarily driven by continued growth in demand from the NEVs and energy storage markets. As downstream battery shipments increase, demand for LiPF_6 is expected to temporarily outpace the release of new supply, resulting in a short-term price increase. From 2027 onwards, LiPF_6 prices are expected to gradually decline and stabilize as new production capacities are commissioned and supply-demand dynamics return to a more balanced level. The expected downward price trend of LiPF_6 is not anticipated to materially affect the profitability of lithium-ion battery electrolyte manufacturers, as lower LiPF_6 prices are generally accompanied by lower raw material costs.

Monthly Average Price of LiPF_6 , 2021-2025

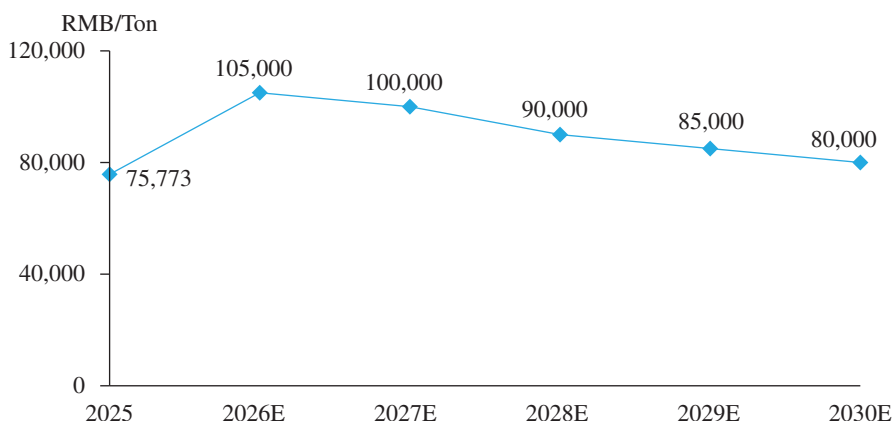


Note: In 2021, 2022, 2023, 2024 and 2025, the annual average prices of LiPF_6 were RMB344,400 per ton, RMB358,300 per ton, RMB130,200 per ton, RMB62,500 per ton and RMB75,800 per ton, respectively.

Sources: SMM, Frost & Sullivan

INDUSTRY OVERVIEW

Annually Average Price of LiPF₆, 2025-2030E



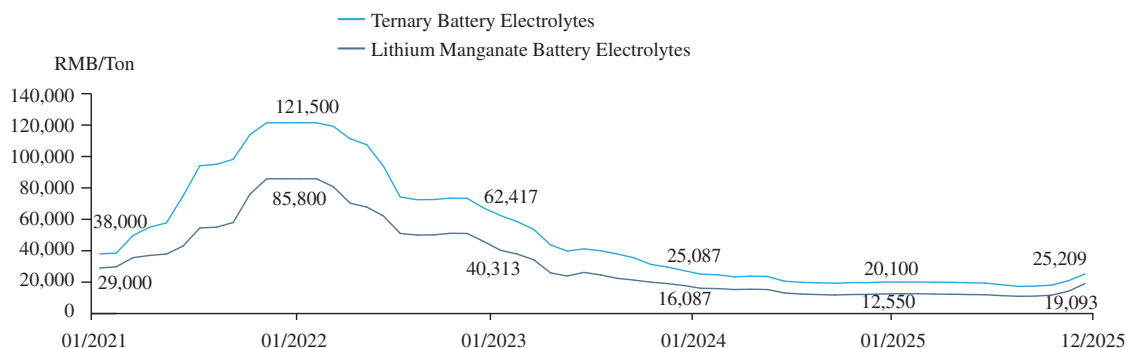
Source: Frost & Sullivan

Note: The forecast is built on key assumptions including continued growth in downstream demand, orderly capacity expansion in the industry, and a stable policy and geopolitical environment.

Electrolyte price fluctuations are mainly influenced by lithium-ion battery prices, raw material costs, and other related factors. Electrolytes for different application scenarios exhibit differentiated pricing, as downstream requirements for performance, safety, and cycle life vary, leading to differences in core formulation design, key material selection, and production process control. From 2021 to 2022, electrolyte prices increased. The average price of ternary battery electrolytes rose from RMB38,000 per ton in January 2021 to RMB121,500 per ton in January 2022, while lithium manganate battery electrolyte prices increased from RMB29,000 per ton in January 2021 to RMB85,800 per ton in January 2022. The main reasons were: (1) a surge in global demand for NEVs, which significantly boosted demand for EV batteries; and (2) limited upstream raw material supply and insufficient capacity, further driving electrolyte price growth. Starting in 2023, as upstream raw material supply chains gradually stabilized and new production capacity came on stream, prices of ternary battery electrolytes and lithium manganate battery electrolytes declined and gradually stabilized. In the fourth quarter of 2025, with growth in downstream NEVs and the implementation of ESS projects, demand for both EV batteries and ESS batteries recovered, leading to a corresponding improvement in electrolyte demand. Monthly average prices for ternary battery electrolyte increased from RMB18,000 per ton in September 2025 to RMB25,209 per ton in December 2025, while lithium manganate battery electrolyte average prices rose from RMB11,000 per ton in September 2025 to RMB19,093 per ton by the end of 2025. The annual average electrolyte prices are expected to continue increasing in 2026, supported by sustained growth in demand from power battery and energy storage battery markets, as well as the rebound in upstream LiPF₆ prices. From 2027 onwards, electrolyte prices are expected to gradually decline as new electrolyte and upstream raw material capacities are commissioned and market supply increases. The expected price decline is primarily driven by supply-side expansion rather than weakening downstream demand. The downward price trend of electrolyte products is not expected to materially affect the profitability of electrolyte manufacturers, as lower selling prices are generally accompanied by lower raw material costs. In addition, increasing industry concentration, economies of scale and a higher proportion of value-added products are expected to support relatively stable profit margins going forward.

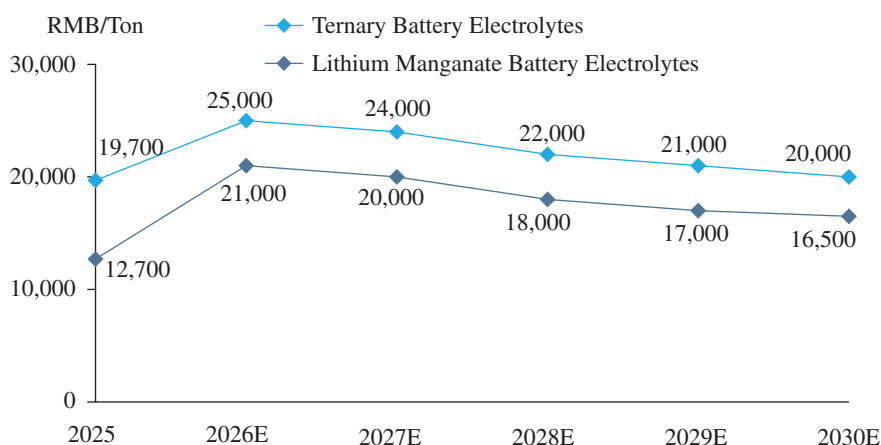
INDUSTRY OVERVIEW

Monthly Average Price of Electrolytic Products, 2021-2025



Source: Wind, Frost & Sullivan

Annually Average Price of Electrolytic Products, 2025-2030E



Source: Frost & Sullivan

Note: The forecast is built on key assumptions including continued growth in downstream demand, orderly capacity expansion in the industry, and a stable policy and geopolitical environment.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on global lithium-ion battery industry and global electrolyte industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB800,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

INDUSTRY OVERVIEW

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

We have extracted certain information from the Frost & Sullivan Report in this section and other sections of this document to provide our [REDACTED] with a more comprehensive presentation of the industry in which we operate. Our Directors confirm to the best of their knowledge and that after taking reasonable enquiries, that there have been no material adverse changes 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.