

## INDUSTRY OVERVIEW

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### OVERVIEW OF THE GLOBAL SMART TERMINAL INDUSTRY

#### Introduction to Smart Terminals

Smart terminals refer to hardware products with functions such as information collection, processing, and connection that can perform functions such as intelligent perception, interaction, and big data services based on their power supply system. As the key entrance for data exchange between the physical world and the digital world, smart terminals have become important infrastructure for the application of technologies such as artificial intelligence (AI) and the Internet of Things (IoT) in different industries.

As the intelligence level of terminals consistently heightens, the computing, communication, and sensing functions that need to be integrated into a single device within a limited volume have increased significantly. The rise in functional integration has directly increased the energy consumption of a single device, thus placing higher requirements on the capacity stability, power supply continuity, and safety and reliability of the power supply system. A high-quality power supply system can not only determine the battery life and convenience of use of the device, but also affect the achievable functional boundaries and the expansion of application scenarios. Against the background of the accelerated popularization of scenarios such as wearable devices, smart home devices, and medical and health devices, smart terminals are developing towards miniaturization, low power consumption, long life, and all-weather operation. These trends continue to put forward new requirements for the energy density, cycle life, self-discharge level, and environmental adaptability of the power supply system, making battery technology a key basic condition to support the long-term stable operation and continuous iteration and upgrades of smart terminals.

#### Growing Demand for AI Applications Has Driven the Rapid Development of Global Smart Terminals

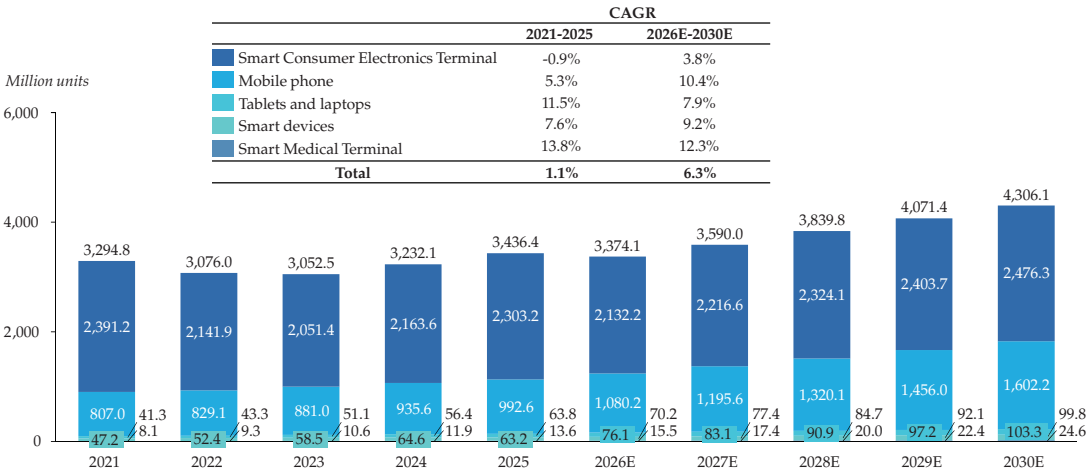
With the wide application of AI technology in functions such as voice recognition and image processing, the demand for real-time perception, rapid processing, and low-latency response on the edge side continues to increase, so does the penetration rate of edge-side AI applications. To support higher computing power, diverse functions, and diversified scenarios, smart terminals have been upgrading in terms of performance of processors, sensor configurations, and system integration capabilities, and the penetration rate of intelligence is expanding rapidly, thereby driving the growth of the global smart terminal market.

From 2021 to 2025, the global sales volume of smart terminals increased from 3,294.8 million units to 3,436.4 million units, representing a CAGR of 1.1% during the period. Affected by factors such as the replacement wave of consumer electronics brought about by AI technological innovation, the increasing penetration rate of smart cars and smart homes, and the accelerated development of Industry 4.0 and smart healthcare, the global sales volume of smart terminals is expected to reach 4,306.1 million units by 2030, representing a CAGR of 6.3% during the period from 2026 to 2030, and the global sales volume of AI smart terminals growing from 866.6 million units in 2026 to 2,109.1 million units in 2030, representing a CAGR of 24.9%. Among them, by 2030 the global sales

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volume of AI earphones, AI glasses, and AI rings would reach 166.7 million units, 38.4 million units, and 17.1 million units, respectively, representing CAGR of 23.6%, 22.5%, and 38.4%.

### Market Size of Global Smart Terminals, by Different Downstream Application Fields, in Terms of Sales Volume, 2021-2030E



Sources: IDC, Gartner, Euromonitor, IFR, CIC

## OVERVIEW OF THE GLOBAL INDUSTRY OF LITHIUM-ION BATTERY FOR CONSUMER SMART TERMINALS

Driven by the global trend towards higher level of digitalization, wireless intelligence and portability, lithium-ion batteries have become the mainstream energy solution for consumer smart terminals. Compared with traditional non-rechargeable batteries and earlier rechargeable technologies, lithium-ion batteries offer higher energy density, better safety performance, longer cycle life and greater flexibility in form factor design, making them better suited to the performance and miniaturization requirements of modern smart terminals.

Meanwhile, the market size of lithium-ion battery industry is expanding steadily, as lithium-ion batteries evolve in terms of battery life, volume ratio and material systems amid widespread application of AI technology, emergence of new terminal forms, and iterative upgrade of traditional consumer electronics. Also, breakthroughs in material technology, manufacturing processes and packaging structures have significantly improved product performance and cost competitiveness of lithium-ion batteries in various scenarios and types of terminals.

### Definition and Classification of Lithium-Ion Batteries for Consumer Smart Terminals

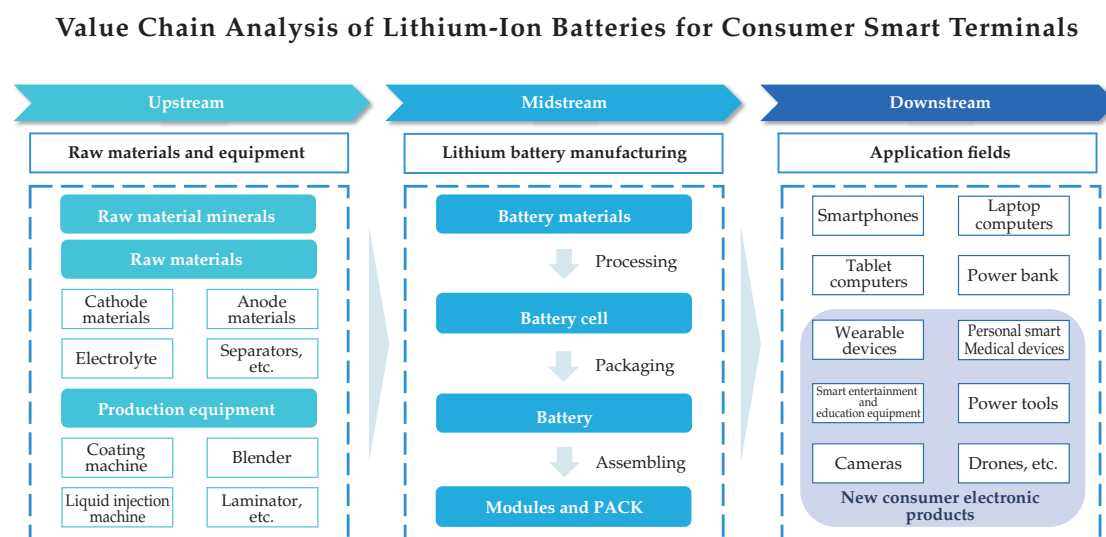
Lithium-ion batteries for consumer smart terminals refer to rechargeable lithium-ion battery products for consumer smart electronic devices. Such batteries are generally thin and compact, with high energy density, long cycle life, and high safety to meet the demand of terminal devices for lightweight, long battery life, and reliability.

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Lithium-ion batteries for consumer smart terminals can be divided into the following four categories based on the capacity:

- **Mini-size lithium-ion batteries ( $\leq 1,000$  mAh):** mainly for wearable devices, personal smart medical devices and smart education and entertainment devices. These products have extremely high requirements on battery volume, thickness and energy density and emphasize light weight and high safety;
- **Standard-capacity lithium-ion batteries (1,000 mAh—5,000 mAh):** widely used in handheld game consoles, cameras, and drones;
- **Large-capacity lithium-ion batteries (5,000 mAh—5 Ah):** mainly for high-performance smartphones, tablets, thin and light laptops and power banks;
- **Ultra-large-capacity lithium-ion batteries ( $\geq 5$  Ah):** mainly for automated guided vehicle (AGV), electric two-wheelers and certain high-power electric devices.

### Value Chain Analysis of the Industry of Lithium-Ion Battery Industry for Consumer Smart Terminals



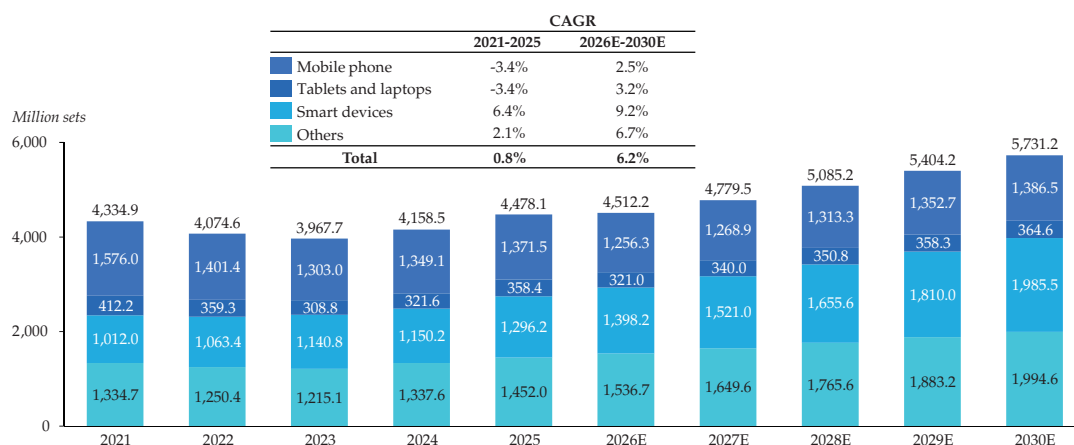
Source: CIC

### Global Market Size of Lithium-ion Batteries for Consumer Smart Terminals

As global consumer electronics evolves towards intelligence, high performance, and portability at an accelerating pace, terminal manufacturers' requirements for battery life, safety, and fast-charging capabilities have been increasing, driving continuous market expansion of the lithium-ion batteries for consumer smart terminals. In terms of shipments, from 2021 to 2025, the global shipments of lithium-ion batteries for consumer smart terminals increased from approximately 4,334.9 million sets to approximately 4,478.1 million sets, representing a CAGR of approximately 0.8%. Driven by the popularization of AI terminals, the improved penetration rate of emerging smart devices, and the accelerated iteration of consumer electronics, the industry growth rate is expected to rise further to approximately 6.2% from 2026 to 2030. By 2030, the global shipments of lithium-ion batteries for consumer smart terminals are expected to reach 5,731.2 million sets with market size maintaining an upward trend.

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### Global Market Size of Lithium-ion Batteries for Consumer Smart Terminals, by Downstream Application Fields, in Terms of Shipments, 2021-2030E



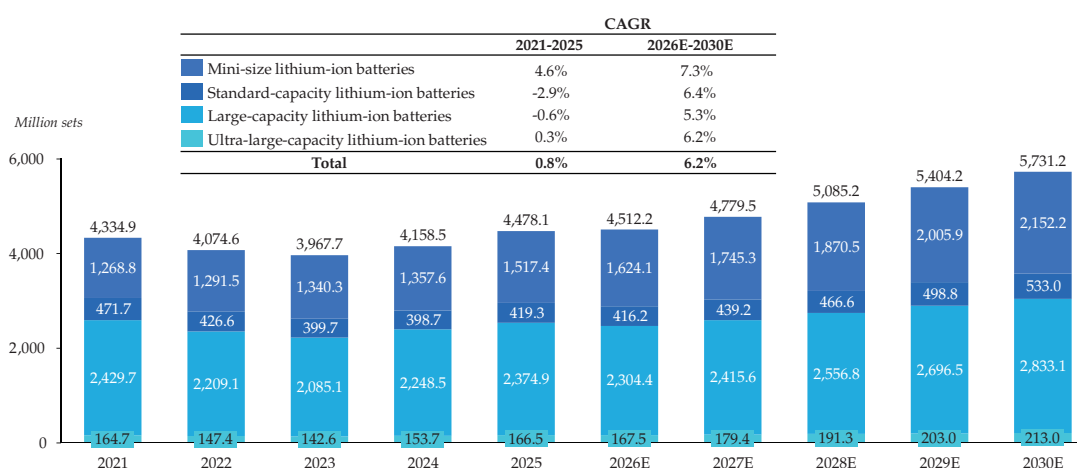
Sources: Euromonitor, EV Tank, IDC, GGII, CIC

Notes:

- (1) Smart devices include wearable devices, personal smart medical devices, smart educational and entertainment devices, etc; others include power banks, drones, mini cameras, power tools, lightweight mobility tools, etc;
- (2) A set of lithium-ion battery components usually consists of multiple independent batteries in actual applications. For example, the battery system of a pair of wireless earbuds often consists of three lithium-ion batteries to meet the power requirements of the left and right earbuds and the charging case respectively.

The shipment of mini-size lithium-ion batteries increased from approximately 1,268.8 million sets in 2021 to approximately 1,517.4 million sets in 2025, accounting for the largest portion with a steady increase. High growth is expected to continue from 2026 to 2030, with a CAGR reaching 7.3% during this period.

### Global Market size of Lithium-ion Batteries for Consumer Smart Terminals, by Battery Capacity, in Terms of Shipments, 2021-2030E



Sources: Euromonitor, EV Tank, IDC, GGII, CIC

Note:

- (1) A set of lithium-ion battery components usually consists of multiple independent batteries in actual applications.

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### OVERVIEW OF THE INDUSTRY OF MINI-SIZE LITHIUM-ION BATTERY FOR CONSUMER SMART TERMINALS

Thanks to their compact size, light weight, and high energy density, mini-size lithium-ion batteries play a crucial role in various portable smart devices. Their high energy density ensures that more electrical energy can be stored in a limited space, significantly extending the battery life of the devices and making them particularly suitable for products and application scenarios with strict space and weight constraints. With these advantages, mini-size lithium-ion batteries have been widely installed in miniaturized and portable smart devices, such as wearable devices including wireless earbuds, smart watches, smart rings, and smart glasses, personal smart medical devices including hearing aids and sleep aids, and smart educational and entertainment devices including smart toys and smart input devices, providing them with stable and reliable energy support.

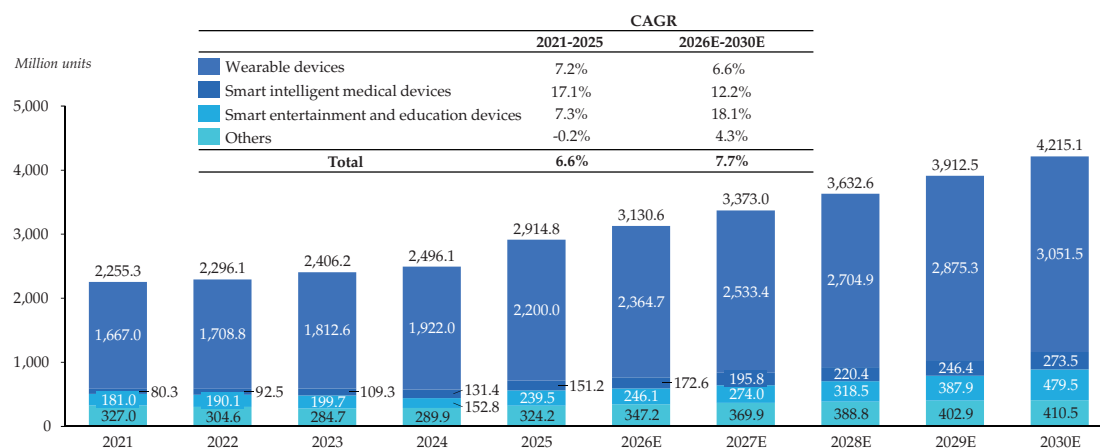
#### Global Market Size of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

Driven by the global trend of portability in consumer smart terminals, the market demand for mini-size lithium-ion batteries as the core energy building blocks of consumer smart terminals continues to grow. The global shipment volume of mini-size lithium-ion batteries for consumer smart terminals increased from approximately 2,255.3 million units in 2021 to approximately 2,914.8 million units in 2025, representing a CAGR of approximately 6.6%. It is expected to reach approximately 4,215.1 million units in 2030, representing a CAGR of approximately 7.7% from 2026 to 2030.

In terms of the downstream structure, wearable devices made the largest contribution to the application scenario for mini-size lithium-ion batteries. The shipments increased from approximately 1,667.0 million units in 2021 to approximately 2,200.0 million units in 2025, accounting for 75.5% of the total shipments in 2025, and is expected to reach approximately 3,051.5 million units in 2030. Among wearable devices, mini-size lithium-ion batteries for wireless earphones is the largest application segment, with shipments of 1,959.9 million units in 2025, accounting for 69.4%, among which TWS earphones represent the largest subsegment, accounting for approximately 37.8% of the total shipment volume of mini-size lithium-ion batteries for consumer smart terminals. It is expected to reach 2,720.0 million units by 2030, representing a CAGR of approximately 6.7% during this period. Meanwhile, novel wearable devices such as smart glasses and smart rings are progressively entering a phase of commercial volume production, with their penetration rates steadily increasing. This trend has become a significant driver of demand growth for miniature lithium-ion batteries. Among these, smart rings demonstrated particularly rapid growth, with shipments increasing from approximately 0.6 million units in 2021 to approximately 4.0 million units in 2025, representing a CAGR of approximately 63.0%, and are expected to reach approximately 13.8 million units by 2030, representing a CAGR of approximately 25.4% from 2026 to 2030. Smart glasses also maintained strong growth momentum, with shipments increasing from approximately 10.5 million units in 2021 to approximately 14.5 million units in 2025, and are expected to further increase to approximately 48.0 million units by 2030, representing a CAGR of approximately 17.7% from 2026 to 2030. Personal smart medical devices remain one of the faster-growing application segments, with a CAGR of approximately 17.1% from 2021 to 2025. It is expected to reach approximately 273.5 million units in 2030, representing a CAGR of approximately 12.2% from 2026 to 2030. Among these, AI toys, as an emerging subcategory within smart edutainment devices, represent a significant source of incremental growth. Shipments of micro lithium-ion batteries for AI toys are projected to reach approximately 249.5 million units by 2030, with a CAGR of approximately 23.1% from 2026 to 2030.

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### Global Shipments of Mini-size Lithium-ion Batteries for Consumer Smart Terminals, by Downstream Application, in Terms of Shipment Volume, 2021-2030E



Sources: Euromonitor, IDC, CIC

Notes:

- (1) Wearable devices include TWS/OWS earphones, headphones, smart watches/bands, smart glasses, smart rings, etc.; personal smart medical devices include hearing aids, sleep aids, maternal and infant devices, brain-computer interfaces, health monitors, etc.; smart education and entertainment devices include smart input devices, tablet pens, game controllers, smart toys, etc.; others include AIoT devices, e-toothbrushes, cosmetic devices, portable speakers, miniature cameras, miniature drones, etc.
- (2) A set of lithium-ion battery components usually consists of multiple independent batteries in actual applications. For example, the battery system of a pair of wireless earbuds often consists of three lithium-ion batteries to meet the power requirements of the left and right earbuds and the charging case respectively.

### Driving Factors for the Global Market of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- The iteration of smart terminals accelerates the trend of product miniaturization and lightweight.** As consumer smart terminals continue to evolve towards being lighter, smaller, and more highly integrated, the requirements for the space and weight occupied by internal components are becoming more stringent, driving mini-size lithium-ion batteries to become a key energy solution. While the functional complexity of smart devices increases, they must maintain or further reduce their volume, which places higher requirements on the size, energy density, and safety of batteries. With their customizable structure, high energy density, and adaptability to various shapes, penetration of mini-size lithium-ion batteries are accelerating in emerging terminals. The continuous renewal demand driven by terminal iteration has become the core driving force for the stable growth of the global mini-size lithium-ion battery market.
- Continuous breakthroughs in manufacturing processes improve production efficiency and reduce costs.** In recent years, mini-size lithium-ion batteries have continuously improved in terms of material application, structural design, and processing accuracy, reducing the battery thickness from approximately 10mm in early products to approximately 2.5mm, further compressing their overall volume. The automation level of production equipment has been increasing, with continuous improvement in the stability and consistency of the production process, bringing down the unit cost and enabling mini-size lithium-ion batteries to have an economic advantage in more terminal scenarios. Breakthroughs in high-precision winding and ultra-narrow pole piece processing capabilities have provided a foundation for the miniaturization and more flexible design of mini-batteries.

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- **The popularization of AI and communication technologies gives rise to diverse emerging application scenarios.** The expansion of AI computing power to lower tiers, the popularization of IoT devices, and the penetration of high-speed communication technologies drive the rapid expansion of the number of consumer terminals, creating huge demand for new product categories that rely on mini-batteries for power supply. The improvement of the intelligence level has elevated the standards for terminal devices regarding high-rate discharge, intelligent management, safety redundancy, and other performances of batteries, leading to continuous upgrade of mini-batteries in terms of performance. Emerging fields such as wearable devices, personal smart medical devices, and smart entertainment and education devices are experiencing rapid growth, giving rise to demand for highly customized battery in terms of form, energy efficiency, and lifespan. This has significantly expanded the application boundaries of mini size lithium-ion batteries.

### Development Trends of the Global Market of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **Technological innovation in the material system and structural design of mini-size lithium-ion batteries continues to accelerate, driving continuous improvement in energy density, safety, and thinness.** Silicon-based anode technology represented by silicon doping, and the path of replacing traditional graphite anodes with metallic lithium or lithium-rich systems are gaining recognition from the industry for significant improvement in capacity and fast-charging capabilities, thus becoming an important direction for breaking through the energy bottleneck in miniaturized scenarios. On this basis, the application of new electrolyte systems such as semi-solid and solid-state is accelerating, further enhancing safety performance by improvement in thermal stability. Thanks to the relatively low proportion of material costs in mini-size lithium-ion batteries, new anode and electrolyte systems are more likely to achieve large-scale replacement in smart terminals, providing higher-performance and more reliable power solutions for the next generation of consumer electronics.
- **The development of battery form factors is evolving toward extreme miniaturization and diversification.** Driven by the demand for compactness and high energy density, next-generation batteries are increasingly designed to be ultra-thin, curved, and even stretchable, enabling greater flexibility in product design. Meanwhile, advancements in system integration, including the incorporation of BMS and EMS, enhance battery safety and energy output efficiency. Such innovations allow terminal manufacturers to achieve slimmer and more versatile product designs while extending battery life, representing a key development direction for next-generation mini-sized lithium-ion batteries.
- **The increasing demand for replaceable batteries poses higher challenges to design and safety standards.** Starting from 2027, the “EU Regulation on Batteries and Waste Batteries” issued by the European Union shall be applied to all consumer smart terminal products, requiring that the design of terminal products must support users for removing and replacing batteries. This policy particularly affects miniaturized devices, forcing manufacturers to balance detachable structures, battery protection designs, and overall reliability within limited space. Driven by the regulation, global manufacturers need to plan for safety certifications and design modifications in advance, thereby promoting the industry to develop in a more standardized and high-safety direction.

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- **The accelerating popularization of edge-side AI places higher requirements on battery energy and performance.** As edge-side AI technology rapidly penetrates into various types of terminals such as smart headphones, smart watches, and smart glasses, the demand for computing power continues to increase, resulting in higher continuous energy consumption and instantaneous power consumption. The diversification of device functions further exacerbates the energy pressure, thereby imposing higher requirements on battery capacity, energy density, discharge platform, and cycle life. High-performance mini-size lithium-ion batteries are becoming the key foundation for smart terminals to achieve long battery life and high computing power. In the future, innovations in AI-driven terminal devices will continue to drive up the demand for performance upgrades of mini-size lithium-ion batteries.

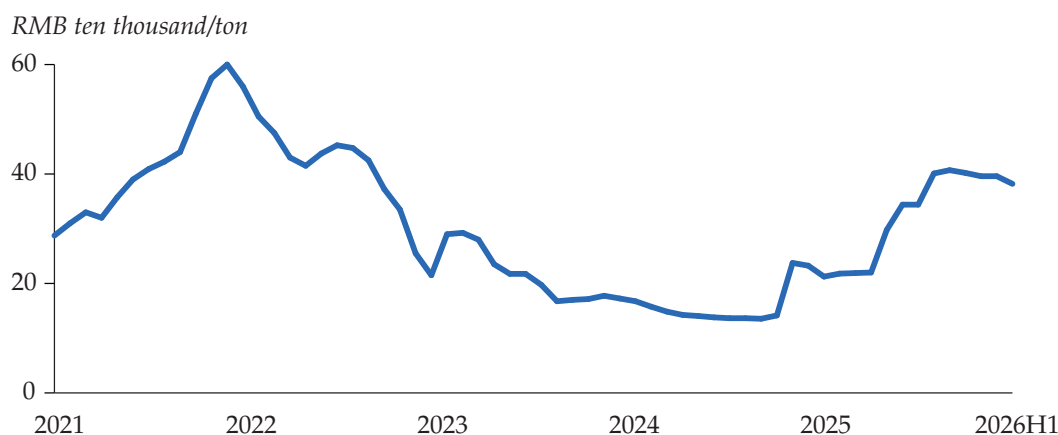
### **Cost Composition and Price Trends of Mini-size Lithium-ion Batteries for Consumer Smart Terminals**

In 2025, the cost composition of consumer mini-size lithium-ion batteries was mainly core materials, with auxiliary materials accounting for a relatively limited proportion. In terms of cost composition, cathode materials accounted for the highest proportion, approximately 40%, mainly because they have a decisive impact on energy density, safety, and performance; anode materials accounted for approximately 12%, with relatively stable prices but still being a key electrochemical component. Separators accounted for approximately 3% of the cost and play an important role in improving battery safety and energy density. Electrolytes accounted for approximately 5%, mainly used for ensuring ion transmission efficiency and overall rate performance; structural components accounted for approximately 30%, including steel shells, nickel sheets, packaging structural components, etc. In addition, battery cell auxiliary materials accounted for approximately 10%, mainly including conductive agents, binders, tabs, etc.

In recent years, the market price of mini-size lithium-ion batteries for consumer smart terminals has generally shown a volatile downward trend. Consumer mini-size lithium-ion batteries commonly use lithium cobalt oxide (LCO) as cathode materials, and the price fluctuations of which are highly correlated with the price changes of mini-size lithium-ion batteries. The price of domestic lithium cobalt oxide rose significantly from 2021 to the first half of 2022 from approximately RMB288,000/ton to the peak at approximately RMB600,000/ton. The sharp increase was primarily attributable to a temporary supply-demand imbalance in upstream lithium battery materials, as rapid growth in global electric vehicle sales significantly increased demand for lithium resources while new mining and refining capacity required a longer development cycle to come online. Thereafter, it entered a continuous downward channel since mid-2022 and gradually fell back to approximately RMB168,000/ton in 2023 and 2024. The decline was mainly driven by moderating growth in downstream battery demand and the gradual release of newly commissioned lithium mining and extraction capacity, resulting in supply growth outpacing demand growth. Although it experienced a brief fluctuation at the beginning of 2025, it showed an obvious rebound in 2026H1, with the price rising back to approximately RMB380,000/ton. The rebound was primarily supported by recovering demand from the energy storage battery market, renewed downstream battery demand growth, and geopolitical factors affecting global raw material supply chains and market expectations on supply stability. As the restocking cycle of upstream raw materials begins and some new demands experiences growth, the price of lithium cobalt oxide is expected to rise further to approximately RMB420,000 - RMB480,000/ton in 2026.

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### Price Trend of Domestic Lithium Cobalt Oxide, 2021-2026H1



Source: CIC

As consumer smart terminals have an increasing demand for high energy density, miniaturization, and long battery life, the penetration rate of ternary cathode materials in some mini-size lithium-ion batteries has gradually increased, forming a structural substitution relationship with lithium cobalt oxide. The price of ternary materials rose significantly from 2021 to 2022, up from approximately RMB170,000/ton to the peak at nearly RMB388,000/ton; since the second half of 2023, affected by the decline of upstream raw materials and the adjustment of terminal demand, the price had dropped until it stabilized at approximately RMB120,000/ton in 2024. It showed a slight recovery at the end of 2025 to approximately RMB151,000/ton. The price volatility mainly reflects the strong commodity attributes of battery materials, which are highly influenced by upstream supply expansion, inventory adjustments and changes in terminal demand expectations.

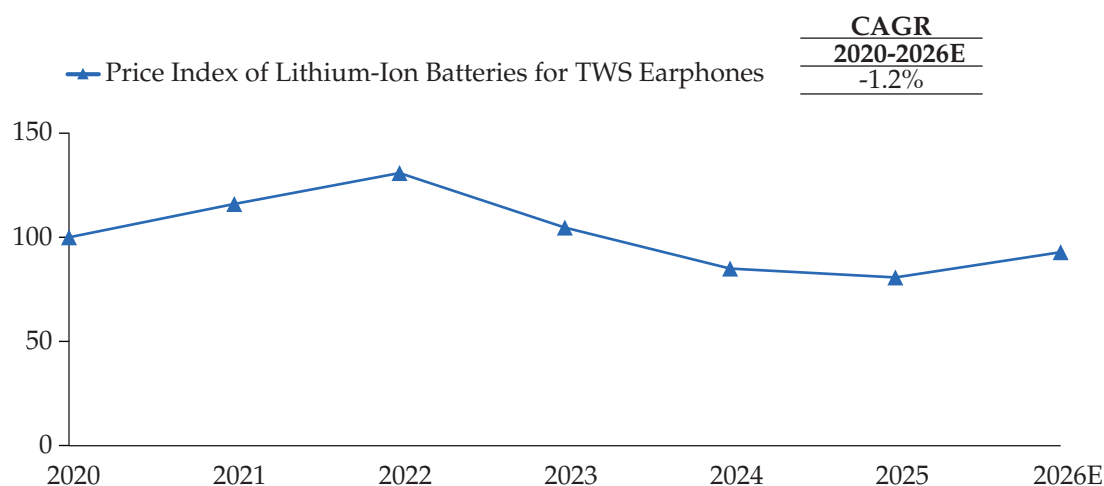
The prices of mini-size lithium-ion batteries for consumer electronics experienced significant increases from 2020 to 2022, primarily due to a severe short-term imbalance between supply and demand of upstream battery raw materials. On the demand side, the rapid growth of the global electric vehicle market substantially increased demand for lithium battery materials. Global EV sales increased from approximately 2.9 million units in 2020 to approximately 10.3 million units in 2022, representing a CAGR of approximately 90.0%, which significantly drove the consumption of upstream lithium battery materials. On the supply side, the development cycle for lithium resources is relatively long, while earlier underinvestment in global lithium mining and brine extraction capacity resulted in delayed supply expansion. In addition, conservative inventory planning across the supply chain further intensified the short-term shortage of lithium resources, thereby driving sharp increases in raw material prices.

Raw material prices declined significantly in 2023, mainly due to the combined effect of slower demand growth and accelerated supply release. On the demand side, the growth rate of the global new energy vehicle market moderated, with global EV sales growth slowing to approximately 30% in 2023. On the supply side, the elevated prices in 2022 stimulated substantial new investments in lithium resource development, resulting in gradual capacity expansion. New spodumene mining projects in Australia and lithium brine extraction projects in China commenced operation successively, leading to supply growth that significantly exceeded demand growth. As a result, upstream raw material prices entered a downward cycle in 2023.

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From 2025 onwards, raw material prices showed a rebound trend, primarily driven by recovering demand from the energy storage battery market, renewed growth in downstream battery demand, and geopolitical factors affecting global raw material supply chains. In particular, the accelerated deployment of energy storage systems globally has increased demand for lithium battery materials, while geopolitical uncertainties and resource protection policies in certain regions have affected market expectations on supply stability, contributing to the rebound in raw material prices. From the beginning of 2026, due to the price increase of raw material, the price of mini-size lithium-ion batteries for consumer electronics also showed an upward trend with a growth rate of 15.0%.

### Price Index Trends of Mini-Size Lithium-Ion Batteries for Consumer Smart Terminals, 2020-2026E



Source: CIC

Notes:

- (1) The above Mini-Size Lithium-Ion Batteries for Consumer Smart Terminals is illustrated with TWS earphones as a representative example. The Company's wireless earphone products are TWS earphones. In 2025, the Company's sales attributable to TWS earphone products reached approximately 98.2 million units.

### Threats and Challenges of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **Raw Material Price Volatility.** The key raw materials for mini-size lithium-ion batteries include lithium, cobalt, nickel, and electrolyte materials. Their prices are significantly influenced by global resource supply and demand, geopolitical factors, and cycles in the new energy industry. Significant fluctuations in upstream raw material prices may lead to increased battery production costs and may exert pressure on the profitability of battery manufacturers as well as the stability of product pricing.
- **Technological Iteration and Product Performance Upgrade Pressure.** As consumer electronics increasingly demand longer battery life, higher energy density, improved safety, and lighter and more compact designs, manufacturers of mini-size lithium-ion batteries need to continuously invest in research and development and upgrade their products. Continuous innovation is required to enhance energy density, cycle life, and safety performance. If companies fail to keep pace with technological advancements in the industry, their products may face declining competitiveness.

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- **Manufacturing Scalability and Process Constraints.** While mini-size lithium-ion batteries can be designed and validated at the laboratory level, their large-scale commercialization remains subject to significant manufacturing and process challenges. The rapid evolution of downstream consumer electronics often necessitates the adoption of new materials, advanced production equipment, and highly customized manufacturing processes, which may not yet be fully mature or standardized. As a result, newly developed battery designs may face difficulties in achieving stable yield rates, cost efficiency, and large-scale production scalability.

### OVERVIEW OF GLOBAL COMPETITION IN THE INDUSTRY OF MINI-SIZE LITHIUM-ION BATTERY FOR CONSUMER SMART TERMINALS

At the early stage, the leading enterprises in the global industry of mini-size lithium-ion battery for consumer smart terminals were mainly from regions such as the United States, Europe, and Japan. Relying on their long-term accumulation in material systems, structural design, and manufacturing processes, they had many technological and brand advantages. In recent years, with the rapid development of China’s consumer electronics industry chain, domestic battery enterprises have shown notable advantages in manufacturing capabilities, cost control, automation levels, and supply chain collaboration. In particulars, in the fields of wearable devices and personal smart medical devices, shipments have increased rapidly and the global market share has continued to expand.

Benefiting from a complete industrial supporting system, flexible product customization capabilities, and high cost-effectiveness, Chinese manufacturers have become an important supplier for mini-size lithium-ion batteries for consumer smart terminals in the world and have established a leading position in various sub-categories. In the future, as Chinese enterprises continue to invest in R&D in the directions of material systems, safety performance, and miniaturized structural design, their products are expected to further enhance their international competitiveness and achieve higher penetration and growth in the global market.

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### Ranking in the Global Industry of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

In 2025, the Company’s shipments of mini-size lithium-ion batteries for consumer smart terminals reached 120.1 million units, ranking fourth globally and second among PRC suppliers.

#### Ranking of the World’s Top Five Suppliers of Mini-size Lithium-ion Batteries for Consumer Smart Terminals, in Terms of Shipments, 2025

| Ranking                | Company Name       | Region     | Shipments of<br>Consumer Mini-size<br>Lithium-ion batteries | Market Share |
|------------------------|--------------------|------------|-------------------------------------------------------------|--------------|
|                        |                    |            | (million units)                                             |              |
| 1                      | Company A          | Japan      | 266.7                                                       | 9.1%         |
| 2                      | Company B          | PRC        | 160.0                                                       | 5.5%         |
| 3                      | Company C          | Germany    | 140.0                                                       | 4.8%         |
| 4                      | <b>Our Company</b> | <b>PRC</b> | <b>120.1</b>                                                | <b>4.1%</b>  |
| 5                      | Company D          | PRC        | 116.7                                                       | 4.0%         |
| <b>Others in total</b> |                    |            | 2,111.4                                                     | 72.4%        |
| <b>Total Market</b>    |                    |            | 2,914.8                                                     | 100.0%       |

Sources: Companies’ annual reports, expert interviews, CIC

Notes:

- (1) Any differences between the totals shown in the above table and the sum of the listed amounts are due to rounding. Therefore, the figures shown as totals may not be the arithmetic sum of the figures preceding them.
- (2) Company A: Founded in 1999, it is a independently operated company wholly-owned by a large Japanese conglomerate, with its headquarters in Hong Kong, China. Its principal business covers the R&D, manufacturing and sale of rechargeable lithium-ion battery cells, packaging and integrated system solutions, with a focus on providing high-performance and high-safety battery solutions for consumer electronics products.

Company B: Founded in 2011 and listed on the Shenzhen Stock Exchange in 2022, it is a national high-tech enterprise specializing in the R&D, design, production, and sales of consumer rechargeable lithium-ion battery products. Its products are primarily applied in a variety of consumer electronics products, including Bluetooth earphones, smart wearable devices (such as smart watches, smart bands and VR/AR glasses), smart speakers, tablet computers, educational hardware and smart healthcare devices.

Company C: Founded in 1887 and headquartered in Germany, it has four major business segments: mini-size batteries, lithium-ion button batteries, lithium-ion cylindrical batteries, and power solutions.

Company D: Founded in 2011, it is an unlisted company and a wholly-owned subsidiary of a company listed on Shenzhen Stock Exchange. It is a national high-tech green energy enterprise specializing in the R&D, manufacturing, and sales services of 3C consumer polymer battery cells and small-power battery cells.

With the continued expansion of the wireless earphone industry and our Company’s continuous optimization in product performance, manufacturing efficiency, and customer service, our Company has established a leading market position in the field of mini-size lithium-ion batteries for wireless earphones. In 2025, our Company’s shipments of mini-size lithium-ion batteries for wireless earphones was 98.2 million units, ranking second globally and first among the PRC suppliers.

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### Ranking of the World’s Top Five Suppliers of Mini-size Lithium-ion Batteries for Wireless Earphones <sup>(1)</sup>, Measured by Shipments<sup>(2)</sup>, 2025

| Ranking                | Company Name       | Region      | Shipments of<br>Earphone Batteries<br>(million units) | Market Share<br>(%) |
|------------------------|--------------------|-------------|-------------------------------------------------------|---------------------|
| 1                      | Company C          | Germany     | 110.2                                                 | 8.4%                |
| 2                      | <b>Our Company</b> | <b>PRC</b>  | <b>98.2</b>                                           | <b>7.5%</b>         |
| 3                      | Company E          | South Korea | 97.5                                                  | 7.5%                |
| 4                      | Company A          | Japan       | 95.0                                                  | 7.3%                |
| 5                      | Company B          | PRC         | 93.6                                                  | 7.2%                |
| <b>Others in total</b> |                    |             | 812.1                                                 | 62.2%               |
| <b>Total Market</b>    |                    |             | 1,306.6                                               | 100.0%              |

Sources: Companies’ annual reports, expert interviews, CIC

Notes:

- (1) Wireless earphones include TWS and OWS earphones; the shipments refer to that of the earphone body batteries, excluding the batteries for the earphone charging cases.
- (2) Any differences between the total shown in the above table and the sum of the listed amounts are due to rounding. Therefore, the figures shown as totals may not be the arithmetic sum of the figures preceding them.
- (3) Company E: Founded in 1970, it is a core subsidiary of a large South Korean conglomerate. Its principal business covers the R&D and production of power batteries, consumer electronics batteries, and energy storage systems.

### Entry Barriers and Key Success Factors of the Global Industry of Mini-size Lithium-ion Batteries for Consumer Smart Terminals

- **Rapid technological iteration ability:** Mini-size lithium-ion batteries have strict requirements for energy density, safety, cycle life and form and size. This requires enterprises to continuously invest in R&D of material modification, interface treatment, structural design and manufacturing processes. Only by building a complete technology matrix can enterprises break through performance bottlenecks, shorten product iteration cycles, and meet the high-frequency update needs of smart terminals in a timely manner. It is the basic ability for enterprises to compete globally.
- **In-depth customization ability and rapid response ability:** Consumer smart terminals are characterized by various types, rapid updates and large design differences, which requires batteries to be highly customized in terms of size, capacity, safety strategy and structural design. Enterprises with in-depth customization and rapid response ability can better integrate into the product development process, and are more likely to become part of the supply chain of high-end end-customers, thereby establishing stable cooperation.
- **Customer resources:** Leading end-customers in the industry generally possess high brand recognition and advanced technology. Becoming their suppliers means recognition of an enterprise’s product performance, quality control and delivery capabilities, which is a direct reflection of the enterprise’s competitiveness. High-quality end-customers not only contribute stable orders, but also bring continuous opportunities for joint technological research, which helps an enterprise maintains technological leadership and business growth.

## INDUSTRY OVERVIEW

- **Large-scale production capacity:** The mini-size lithium-ion battery industry has high requirements for delivery speed and supply stability. Suppliers with large-scale and automated production capabilities can not only effectively reduce unit manufacturing costs and enhance price competitiveness, but also make timely and continuous supply when major customers have a demand surge. At the same time, large-scale production also provides resource guarantee for enterprises' continuous investment in R&D and innovation, which is conducive to maintaining long-term competitiveness.
- **Global production capacity and business layout:** Global consumer electronics brands are widely distributed, which requires strong ability to make cross-regional synchronous delivery. Enterprises with a global production capacity layout, regional delivery and local service systems can respond to customer needs more promptly, shorten the logistics cycle, reduce supply chain risks, and maintain stable product supply globally. This constitutes an essential ability in industry competition.
- **Market entry qualifications:** As a core component of consumer electronics, mini-size lithium-ion batteries need to meet multiple national and international standards in terms of safety, performance, environmental protection, etc. Enterprises must pass international and domestic certifications such as UL, CE, IEC, KC, BIS, CCC, as well as strict review and verification procedures of terminal brands to secure mass production orders. These qualification and certification requirements raise the entry threshold for new entrants and form significant compliance barriers.

## SOURCES OF INFORMATION AND RELIABILITY

We commissioned CIC to analyze and report on the global mini-size lithium-ion battery market for consumer smart terminals. CIC is a market research and consulting company founded in Hong Kong, engaged in providing professional consulting services for various industries. We have agreed to pay CIC a fee of RMB530,000 for the preparation of the CIC Report. The data cited in this section and in "Summary", "Risk Factors", "Business", "Financial Data" and other sections of this document, are for potential investors to fully understand the industry where we operate. Unless otherwise stated, all data and forecasts in this section are from the CIC Report.

The data collected by CIC has been analyzed, evaluated and verified using CIC 's internal analysis models and techniques. Primary research was conducted through interviews with major industry experts and leading industry participants. Secondary research involved analyzing data from public data sources.

The market forecasts in the CIC Report are based on the following key assumptions: (1) during the forecast period, the overall social, economic and political environment in China is expected to remain stable; (2) during the forecast period, relevant key industry drivers, including technological progress, policy support and increasing demand in the downstream market, may continue to promote the growth of the global mini-size lithium-ion battery market for consumer smart terminals; and (3) during the forecast period, there will be no extreme force majeure or unforeseeable industry regulations that may have a dramatic or profound impact on the market.

The Directors are not aware of any circumstances that would materially qualify, contradict or adversely affect the market information disclosed above.