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LEAPMOTOR
ZHEJIANG LEAPMOTOR TECHNOLOGY CO., LTD.

浙江零跑科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9863)

**ANNOUNCEMENT ON THE UNAUDITED FINANCIAL RESULTS FOR
THE FIRST QUARTER OF 2024
AND
BUSINESS UPDATE**

UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2024

This announcement is made on a voluntary basis by the board of directors (the “**Board**”) of Zhejiang Leapmotor Technology Co., Ltd. (the “**Company**” or “**Leapmotor**”, and its subsidiaries, the “**Group**”). The Company is pleased to announce the unaudited financial results of the Group for the three months ended 31 March 2024 (“**Q1 2024**”).

KEY HIGHLIGHTS FOR Q1 2024

Quarterly total revenue reached RMB3,486.2 million

Quarterly deliveries reached 33,410 units

OPERATIONAL HIGHLIGHTS FOR Q1 2024

Total deliveries of vehicles were 33,410 units in Q1 2024, representing an increase of 217.9% from 10,509 units in the same period of 2023.

- Deliveries of the T03 were 9,433 units in Q1 2024, representing an increase of 140.3% from 3,925 units in the same period of 2023.
- Deliveries of the C11 were 12,122 units in Q1 2024, representing an increase of 129.1% from 5,292 units in the same period of 2023.
- Deliveries of the C01 were 3,998 units in Q1 2024, representing an increase of 209.4% from 1,292 units in the same period of 2023.
- Deliveries of the C10 were 7,857 units in Q1 2024.
- The Company’s sales network has continuously optimized, including 510 stores covering 182 cities as at 31 March 2024.

FINANCIAL HIGHLIGHTS FOR Q1 2024

- Revenue was RMB3,486.2 million for Q1 2024, representing an increase of 141.7% from the same period of 2023, and a decrease of 33.9% from the fourth quarter of 2023 (“Q4 2023”).
- Gross margin was (1.4%) for Q1 2024, representing an improvement as compared with (7.8%) for the same period of 2023. Gross margin was 6.7% for Q4 2023.
- Loss attributable to equity holders of the Company was RMB1,012.9 million for Q1 2024, compared with RMB1,133.0 million for the same period of 2023 and RMB954.5 million for Q4 2023.
- Net cash used in operating activities was RMB1,180.9 million for Q1 2024, compared with RMB2,610.7 million for the same period of 2023 and RMB470.7 million for Q4 2023.

Note:

These financial highlights are based on the unaudited financial information of the Group and such information has not been audited or reviewed by the Group’s auditors.

UNAUDITED FINANCIAL RESULTS FOR Q1 2024

Revenue

- Revenue was RMB3,486.2 million for Q1 2024, representing an increase of 141.7% from RMB1,442.5 million for the same period of 2023 and a decrease of 33.9% from RMB5,278.0 million for Q4 2023. The year-on-year increase was mainly attributable to growing market recognition of the products, and the increase in sales volume brought about by a richer product matrix; the quarter-over-quarter decrease was mainly attributable to the Company’s renewal and upgrade of the product lineup in the first quarter and adjustments to the production and sales of the original models, as well as the seasonality impact related to the Chinese New Year holiday.

Cost of Sales and Gross Margin

- Cost of sales was RMB3,534.1 million for Q1 2024, representing an increase of 127.2% from RMB1,555.2 million for the same period of 2023 and a decrease of 28.2% from RMB4,923.2 million for Q4 2023. The main reason for the year-on-year increase and the quarter-over-quarter decrease in Q1 2024 was in line with the trend of changes in revenue as mentioned above.
- Gross margin was (1.4%) for Q1 2024, compared with (7.8%) and 6.7% for the same period of 2023 and for Q4 2023, respectively. The year-on-year improvement was mainly attributable to scale effect as a result of higher sales and continuous cost reduction efforts; the quarter-over-quarter decrease was mainly attributable to (i) promotion of the 2023 product lineup in Q1 2024; and (ii) higher manufacturing cost per vehicle as a result of lower sales volume.

Operating Expenses

- R&D expenses were RMB520.0 million for Q1 2024, representing an increase of 26.1% from RMB412.4 million for the same period of 2023 and a decrease of 16.5% from RMB622.6 million for Q4 2023. The year-on-year increase was mainly attributable to the increase in personnel costs for the R&D function and the increased investment in new models and technological R&D activities; the quarter-over-quarter decrease was mainly attributable to the pace of product R&D and the seasonality impact related to the Chinese New Year.
- Selling expenses were RMB427.9 million for Q1 2024, representing an increase of 8.8% from RMB393.2 million for the same period of 2023 and a decrease of 19.8% from RMB533.4 million for Q4 2023. The year-on-year increase was mainly attributable to the capital investment in brand building; the quarter-over-quarter decrease was mainly attributable to the seasonal slowdown in the pace of payment of advertising and promotion expenses.
- Administrative expenses were RMB139.3 million for Q1 2024, representing a decrease of 22.9% from RMB180.7 million for the same period of 2023 and a decrease of 44.6% from RMB251.3 million for Q4 2023. The year-on-year and quarter-over-quarter decreases were mainly attributable to the adjustment of expenses in option scheme as a result of changes in personnel.

Operating Loss

- Operating loss was RMB1,126.4 million for Q1 2024, compared with RMB1,159.6 million for the same period of 2023 and RMB1,018.4 million for Q4 2023.

Loss Attributable to Equity Holders of the Company

- Loss attributable to equity holders of the Company was RMB1,012.9 million for Q1 2024, compared with RMB1,133.0 million for the same period of 2023 and RMB954.5 million for Q4 2023. Excluding the share-based payment as part of employee benefit expense, the adjusted net loss (non-IFRS) was RMB937.2 million for Q1 2024, compared with RMB964.3 million for the same period of 2023 and RMB792.8 million for Q4 2023.

Cash Position, Net Cash Used in Operating Activities and Free Cash Flow

- Balance of cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss and bank time deposits was RMB17,583.8 million as of 31 March 2024.
- Net cash used in operating activities was RMB1,180.9 million for Q1 2024, RMB2,610.7 million for the same period of 2023, and RMB470.7 million for Q4 2023. The year-on-year decrease in net cash used in operating activities was mainly attributable to the increase in cash inflow as a result of the increase in sales volume; the quarter-over-quarter increase was mainly due to the decrease in cash inflow as a result of the decrease in sales volume and the payment of accounts payable by due dates.
- Free cash flow was RMB(1,496.2) million for Q1 2024, RMB(2,951.4) million for the same period of 2023, and RMB(892.1) million for Q4 2023.

BUSINESS DESCRIPTION DURING THE REPORTING PERIOD

- After eight years of technological accumulation, our full-suite in-house R&D realized the upgrade and iteration from LEAP1.0 to LEAP3.0 architecture, which was officially launched on 10 January 2024. The LEAP3.0 technology architecture incorporates a number of leading technologies which are the first of their kind in the industry, including the industry’s first centralized integrated electrical/electronic (E/E) architecture that integrated four domains into one (the “**Four-Leaf Clover Architecture**”), the industry’s first integration technology of advanced driver assistance systems (ADAS), smart cockpit, driving and parking functions by using one single 8295 chip, the industry’s first city full-scenario Network Access Control (NAC) technology that is free of navigation, the industry’s first seamless OTA upgrade technology and the industry’s first new-energy golden powertrain technology (CTC battery + oil-cooled electric drive), with the commonality index of vehicle architecture reaching 88%, the highest in the industry.
- On 19 January 2024, the Company entered into (i) an H share subscription agreement with Jinhua Industrial Fund Co., Ltd., and (ii) a domestic share subscription agreement with Wuyi County Financial Investment Holdings Company Limited (collectively, the “**2024 Share Subscriptions**”). The subscription shares under the 2024 Share Subscriptions will be allotted and issued pursuant to the general mandate with an aggregate amount of proceeds not exceeding RMB600 million. The proceeds would be allocated for R&D investment, marketing, production capacity enhancement, working capital, general corporate purposes and others.
- On 2 March 2024, we officially released the configurations and prices of the first model aimed at the global market, C10, and the 2024 all-new product lineup, and started the related sales and deliveries. All LEAP3.0 technologies are already on board and deployed on C10, the new C11, and the new C01. The C series continues to provide Dual Power options of “BEVs + EREVs” to meet the diverse needs of users. The C10 will serve as Leapmotor’s first global SUV flagship model and is scheduled to be launched in Europe and major global markets by the end of the third quarter of 2024.

RECENT DEVELOPMENTS AFTER THE REPORTING PERIOD AND BUSINESS UPDATE

- On 25 April 2024, Leapmotor held the C16 pre-sales conference at the 2024 Beijing Auto Show with the theme of “China’s Leapmotor, Smart Starts the World”. As Leapmotor’s first full-scenario multi-purpose mid-to-large six-seat SUV model, C16 is the flagship product of LEAP3.0 technology architecture. Based on the full-suite in-house R&D capabilities of Leapmotor and the proposition of “Looking at Leapmotor when choosing a car, the value is a reference”, in order to better meet the multi-person travel needs of mainstream family users, C16 has realized two redefinitions of six-seat SUVs – the space design and comfort experience of MPV + the styling style and multi-scenario functions of SUVs, becoming a new value reference for six-seat SUVs. It is expected to be officially launched and delivered in June 2024.
- Leapmotor and Stellantis N.V. (“**Stellantis Group**”) have passed all necessary approvals for the establishment of Leapmotor International B.V. (“**Leapmotor International**”). Leapmotor International has been officially established, with Stellantis Group and Leapmotor holding 51% and 49% of the shares respectively.

- Leapmotor International is headquartered in Amsterdam, the Netherlands. Mr. Xin Tianshu, who is from the management team of Stellantis Group in China, serves as the CEO of Leapmotor International. The management team of Leapmotor International lead by him is now laying the groundwork for a successful introduction of the T03 and C10 electric vehicles in the European markets. At the same time, Leapmotor International also plans to launch the above models in India & Asia Pacific (excluding Greater China), Middle East & Africa, and South America starting from the fourth quarter 2024.
- Leveraging the global distribution channels of Stellantis Group, Leapmotor International plans to launch Leapmotor in nine European markets – France, Italy, Germany, Netherlands, Spain, Portugal, Belgium, Greece and Romania starting in September 2024. Leapmotor International has appointed dedicated business managers for the above-mentioned markets. It plans to expand a total of 200 outlets at launch, including Stellantis & You network by the end of this year, ramping to 500 by 2026 to ensure a high level of service for the customers. In late 2024, Leapmotor International will also launch products in Middle East & Africa (Turkey, Israel and French overseas territories), India & Asia Pacific (Australia, New Zealand, Thailand and Malaysia), and South America (Brazil and Chile).

ABOUT LEAPMOTOR

Leapmotor is an NEV company based in China that possesses full-suite in-house R&D capabilities in NEV's core technologies. We develop, manufacture, and sell NEVs, and at the same time develops and produces EIC core components and provides vehicle internet solutions based on cloud computing. With an aim to maximize user value, it strives to provide products and services which deliver superior experience beyond expectation. We launched the Dual Power layout of "BEVs + EREVs" in 2023. It has currently mass-produced four BEVs, including smart BEV T03, best-in-class smart electric SUV C11, deluxe smart electric sedan C01, first global strategic model C10, and three super EREVs, including C11, C01, C10 for sale. We have newly launched the BEV and EREV of ultra-comfortable smart six-seat SUV C16, which will be officially launched and delivered in June. As an icon of China's new force automobile manufacturer, we are creating more possibilities for future travel with continuous efforts in technological innovation.

The Company's shareholders and potential investors should note that this announcement is based on unaudited operational and financial information of the Group and such information has not been audited or reviewed by Group's auditors. Such information does not constitute, represent or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment.

This announcement includes forward-looking statements, including, without limitation, those regarding our future financial position, strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate. These forward-looking statements can be identified by terminology such as “will,” “expect,” “anticipate,” “aim,” “future,” “intend,” “plan,” “believe,” “estimate,” “could,” and similar statements. These forward-looking statements are based on some assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. All information provided in this announcement is as of the date of this announcement, and the Company does not accept any responsibility or obligation to update any of the forward-looking statements, except as required under applicable laws.

The Company’s shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Zhejiang Leapmotor Technology Co., Ltd.
Mr. Zhu Jiangming
*Founder, Chairperson of the Board and
Chief Executive Officer*

Hong Kong, 17 May 2024

As at the date of this announcement, the Board comprises Mr. Zhu Jiangming, Mr. Wu Baojun and Mr. Cao Li as executive Directors; and Mr. Grégoire Olivier, Mr. Douglas Ostermann and Mr. Jin Yufeng as non-executive Directors; and Mr. Fu Yuwu, Dr. Huang Wenli and Ms. Drina C Yue as independent non-executive Directors.