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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 2025

This announcement is made on a voluntary basis by the board (the “**Board**”) of directors (the “**Directors**”) of Zhejiang Leapmotor Technology Co., Ltd. (“**we**” or 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 March 31, 2025 (“**Q1 2025**”), which have not been audited by the Group’s auditors.

OPERATIONAL HIGHLIGHTS FOR Q1 2025

Finance

Revenue for Q1 2025 was RMB10,020 million, representing a year-on-year increase of 187.1%, mainly attributable to (1) a year-on-year increase of sales of the Company of 162.1%; (2) optimization of product portfolio, with revenue per vehicle increasing 4.9% year-on-year.

Gross margin for Q1 2025 was 14.9%, reaching a new high in history, as compared with (1.4)% for the same period in 2024. Gross margin for Q4 2024 was 13.3%, representing a quarter over quarter increase of 1.6 percentage points. The year-on-year improvement was due to (i) scale effect brought by the increase in sales volume; (ii) the continuous cost management efforts; (iii) the optimization of product mix. The quarter over quarter improvement was mainly due to the gross profit growth resulted from the strategic cooperation.

Loss attributable to equity holders of the Company for Q1 2025 was RMB130 million, compared with a loss of RMB1,010 million for the same period of 2024 and a profit of RMB80 million for the fourth quarter of 2024 (“**Q4 2024**”). The year-on-year narrowing of loss was mainly attributable to the fact that the increase of gross profit being higher than the increase of expenses, and the increase of a quarter-over-quarter loss was mainly attributable to the decrease of total gross profit being higher than the decrease of expenses.

The Company has sufficient cash on hand, and balances of cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss and bank time deposits were RMB25,700 million as of March 31, 2025.

Sales Volume

The Company was the fastest-growing emerging auto brand in terms of year-on-year sales growth for the first quarter of 2025, and ranked first among emerging brands in the PRC consecutively in March and April 2025.

Deliveries of vehicles were 87,552 units in Q1 2025, representing an increase of 162.1% from the same period of 2024; deliveries of vehicles of the C series were 67,812 units, accounting for 77.5% of total sales volume in Q1 2025, representing an increase of 5.7 percentage points from the same period of 2024 as a percentage of sales volume;

As of April 9, 2025, the Company's total delivery exceeded 700,000 units and reached a milestone. As of April 2, 2025, the total delivery of the C10 launched in March 2024 exceeded 100,000 units;

B10, the first model on the new B platform, was officially launched on April 10, 2025 and over 10,000 units were delivered up to the date of the announcement, achieving strong sales immediately upon launch.

The Company achieved excellent results with orders exceeding 18,000 units from May 1 to May 5, 2025, and obtained orders of over 3,700 units on May 5, 2025 alone, including 1,099 units of C11 ordered on that single day.

Products

The B10, built on Leapmotor's brand-new LEAP 3.5 architecture, is equipped with industry-leading LIDAR, a Qualcomm's latest 8650 intelligent driving chip providing end-to-end assisted driving capabilities, and a Qualcomm 8295 smart cockpit chip flagship-level intelligent cockpit. It also offers advanced luxury features such as an AI-powered dual-voice large model, tire-blowout stability control, and more, which establish a new benchmark for value in the approximately RMB120,000 SUV segment. Customers overwhelmingly prefer the mid- to high-end trim levels and the LIDAR-equipped versions. This success has earned the trust and positive word-of-mouth of young customers. B10 has won 18 awards one month since its launch, including but not limited to Star of Thermal Comfort for the first vehicle nationwide and Star of Energy Efficiency of BEVs Cockpit under the newest criterion, and was also the first vehicle nationwide to win the 2024 International CMF Design Award • Green Design Award, and the first vehicle in its category to win Platinum Award of American Good Design, Golden Award of French Design Award, and Golden Award of London Design Awards.

The B01, the first sedan in Leapmotor's B-Series, made its debut on April 23, 2025 at the Shanghai International Auto Show. It showcases a global design aesthetic, expressing the young generation's global lifestyle and values through a fusion of technological and natural elements. Its core highlights include a class-leading 650 km driving range, top-tier intelligent features in its segment, and best-in-class quality, creating a high-quality sedan for young customers that combines striking style, long-range capability, and intelligent functionality.

On May 15, 2025, the Company launched the 2026 version of C10, which is equipped with the Company's latest LEAP 3.5 electronic and electrical architecture, making it the only product with BEVs and a pure electric range of 600 kilometers and full suite 880V high voltage fast-charging platform. Meanwhile, the chassis hardware has been recalibrated and upgraded, complemented by a 220kW high-voltage electric drive, providing users with enhanced driving pleasure and more comfortable experience.

On March 20, 2025, in the examination of C-IASI, C16 was rated "G" in three indices of passenger safety, pedestrian safety and vehicle assistance safety, among which, the score of pedestrian safety achieved "G+".

On May 8, 2025, Leapmotor CTC battery was among the first batch that passed the test of the new national standard for electric vehicle power batteries, meeting the compulsory requirements of the new national standards one year ahead of schedule. During the interim period before the officially implementation of new national standard, Leapmotor's product lineup have all passed the pre-verification mechanism, satisfied the requirements of new national standard for batteries ahead of time, and delivered products with quality higher than the national standard.

Research and Development

On March 10, 2025, the Company launched the LEAP 3.5 technology architecture, which builds on LEAP 3.0 to achieve ultra-integration of hardware and software and super intelligence. The architecture adopts a combined solution of the Qualcomm 8650 intelligent driving chip and Qualcomm 8295 intelligent cockpit chip, innovatively integrating high-level combined driver assistance systems with cabin-drive synergy. By consolidating regional controllers into a single central domain controller, the Company realized the world's most integrated central domain control system. This serves as the foundation for comprehensive upgrades in autonomous driving, smart cockpit, electric drive, battery, thermal management, and chassis technologies.

Thanks to the Company's consistent commitment to full-stack in-house R&D, the Company is gradually amplifying its advantages in R&D and capital efficiency. For example, the Company took only six months to develop a combined assisted driving solution using the Qualcomm 8650 domain controller on the EEA 3.5 architecture. Based on the LEAP 3.5 architecture, the Company's self-developed end-to-end assisted driving system integrates the Qualcomm 8650 chip and Hesai LIDAR, is able to support combined assisted driving features such as Urban Memory Commuting (城市記憶通勤) and Urban NOA (Navigate on Autopilot), which will be introduced in the second half of 2025 and the first half of 2026, respectively. The Company will continue to increase investment and total investment in smart driving is expected to be RMB800 million in 2025 while bringing in top talent in the intelligent driving field.

Sales Channels

As of March 31, 2025, the Company had established 756 sales stores and 449 service stores across 279 cities, adding coverage in 97 cities compared to the end of March 2024. The “1+N” model of the Company has proven highly effective, with 289 Leapmotor center stores and 467 experience stores operating as of March 31, 2025. In Q1 2025, the Company’s single-store efficiency improved by approximately 50% compared to the first quarter of 2024. The Company will continue deepening its presence in first- and second-tier cities, enhancing channel quality and operational capabilities. By the end of 2025, the Company plans to expand into 80 new untapped cities and counties, increasing urban coverage of prefecture-level cities or above to 90%. At the same time, the Company will continue to accelerate the rollout of Leapmotor center stores and urban showrooms to further penetrate core automotive business districts.

Retail

In Q1 2025, the Company achieved continuous optimization and improvement in key user experience metrics. The Company’s core operational indicators have grown steadily, with the effective follow-up rate of potential customers increased by 4.0% compared to the end of December 2024, the effective test drive rate improved by 9.3% compared to the end of December 2024, and the potential customer conversion rate increased by 1.5% compared to the end of December 2024. The Company provides an average of 15,000 consultation services daily and an average of 3,300 test drive services daily for users. Leapmotor’s new retail system has established a closed-loop model that enhances both quality and efficiency across “experience, tools, and outcomes (體驗、工具、結果)”.

Service

In 2025, the Company upholds the core service philosophy of “Three Quicks and Two Saves” – quick response, quick repairs, quick parts supply, saving time, and saving hassle, with the aim to make user service capabilities a hallmark of the Leapmotor brand. The Company achieves basic services levels enhanced comprehensively by improving service process standards, establishing and improving systems such as spare parts supply guarantee, one-stop resolution of vehicle issue and rich original accessory offerings, as well as by relying on digital service matrices such as dedicated concierge services, online booking, remote diagnostics, and APP service functions.

In Q1 2025, the Company’s concept of the “Three Quicks and Two Saves” was realized with outstanding results: (1) quick response to services, with a 15 min response rate in exclusive service groups of 99.4%, representing a quarter-over-quarter increase of 0.4%; (2) quick repairs to vehicles, with an one-time repair rate of 97.8%, representing a quarter-over-quarter increase of 2.1%; and (3) quick parts supply, a 48-hours delivery rate of 90.8%, representing a quarter-over-quarter increase of 5.2%.

Globalization

The Company's overseas market expansion has accelerated, with exports of 13,632 units from January to April 2025, making it the car manufacturer with the largest export volume among the emerging auto brands, including 7,546 units exported in Q1 2025.

As of the end of March 2025, Leapmotor International B.V. ("**Leapmotor International**") established more than 500 outlets overseas which integrate sales and after-sales services, including over 450 outlets in Europe and nearly 50 in Asia-Pacific; representing an increase of over 100 overseas stores compared to the previous quarter.

On April 18, 2025, the Company and Stellantis N.V. (the "**Stellantis Group**") announced plans to launch localized assembly of the Leapmotor C10 in Malaysia by the end of 2025, leveraging Stellantis Group's existing Gurun plant in Kedah.

The Company expects to achieve localized manufacturing in Europe by 2026, accelerating the expansion into European market.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

This quarter, the Company received the MSCI ESG AA rating for the second consecutive year, which once again demonstrates our continuous efforts and industry-leading position in the environmental, social, and governance ("ESG") fields.

As an innovative enterprise oriented towards "technology for social good(科技向善)", we are committed to deeply integrating technological innovation with social value creation. During Q1 2025, the Company donated RMB5 million to Zhejiang Foundation for Disabled Persons to support public welfare projects in Zhejiang Province that use technology to assist people with limb disabilities, effectively improving their quality of life and social participation, making technological progress a truly important force in promoting social equity.

In the future, we will continue to deepen the integration of ESG with our core business, actively respond to global sustainable development trends, and create long-term value for all stakeholders.

UNAUDITED FINANCIAL RESULTS FOR Q1 2025

Revenue

Revenue for Q1 2025 was RMB10,020 million, representing an increase of 187.1% from RMB3,490 million for the same period in 2024, and a decrease of 25.6% from RMB13,460 million for Q4 2024. The year-on-year increase was primarily due to higher sales volume; the quarter-over-quarter decrease was mainly attributable to lower sales volume resulting from seasonal impact of the Chinese New Year holiday.

Cost of Sales and Gross Margin

Cost of sales for Q1 2025 was RMB8,530 million, representing an increase of 141.6% from RMB3,530 million for the same period in 2024, and a decrease of 26.9% from RMB11,670 million for Q4 2024. The year-on-year increase in Q1 2025 was mainly due to higher sales volume, partially offset by continued cost reduction efforts; the quarter-over-quarter decrease was mainly due to lower sales volume resulting from seasonal impact of the Chinese New Year holiday.

Gross margin for Q1 of 2025 was 14.9%, compared with (1.4)% for the same period in 2024 and 13.3% for Q4 2024. The year-on-year improvement was primarily attributable to (i) scale effect as a result of higher sales volume; (ii) ongoing cost management initiatives; and (iii) optimization of product mix. The quarter-over-quarter improvement was primarily attributable to the growth of gross profit as a result of strategic cooperation.

Operating Expenses

R&D expenses were RMB800 million for Q1 2025, representing an increase of 53.8% from RMB520 million for the same period of 2024 and a decrease of 10.1% from RMB890 million for Q4 2024. The year-on-year increase was mainly attributable to the increased investment in R&D and the increase in the number of R&D personnel; the quarter-over-quarter decrease was mainly related to the progress of R&D projects.

Selling expenses were RMB610 million for Q1 2025, representing an increase of 41.9% from RMB430 million for the same period of 2024 and a decrease of 11.6% from RMB690 million for Q4 2024. The year-on-year increase was mainly attributable to the enhancement of the Company's advertising and promotion efforts, and the increase in the number of employees; 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 RMB380 million for Q1 2025, representing an increase of 171.4% from RMB140 million for the same period of 2024 and an increase of 5.6% from RMB360.0 million for Q4 2024. The year-on-year and quarter-over-quarter increases were mainly attributable to the increase in the number of administrative staff.

Operating Profit

Operating profit was RMB (150) million for Q1 2025, compared with RMB (1,130) million for the same period of 2024 and RMB(40) million for Q4 2024.

Profit Attributable to Equity Holders of the Company

Loss attributable to equity holders of the Company for Q1 2025 was RMB130 million, compared with a loss of RMB1,010 million for the same period of 2024 and a profit of RMB80 million for Q4 2024. The reason for the narrowing of a year-on-year loss was mainly attributable to the increase of gross profit being higher than the increase of expenses, and the reason for the increase of a quarter-over-quarter loss was mainly attributable to the decrease of total gross profit being higher than the decrease of expenses.

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 RMB25,700 million as of March 31, 2025.

Net cash generated from operating activities was RMB340 million for Q1 2025, compared with RMB (1,180) million for the same period of 2024 and RMB6,240 million for Q4 2024. The year-on-year increase in net cash generated from operating activities was mainly attributable to (i) the increase in product deliveries and the improvement in gross margin; and (ii) the optimization of operating cash flow management; the quarter-over-quarter decrease was mainly due to (i) lower operating cash inflow as a result of the decrease in deliveries; and (ii) the increased payables due as a result of the rhythm of the accounting period.

Free cash flow was RMB(360) million for Q1 2025, compared with RMB(1,500) million for the same period of 2024, and RMB(5,480) million for Q4 2024.

ABOUT THE COMPANY

Leapmotor is an NEV company based in China that possesses full-suite in-house R&D capabilities in NEV's core technologies with its business scope covering intelligent electric vehicle design, R&D and manufacturing, intelligent driving, electric drive assembly, battery system development, and vehicle internet solutions based on cloud computing. We had launched the industry's first 8 in 1 electric drive, the industry's first mass-produced CTC technology, the industry's first "Four Leaf Clover" centrally integrated electronic and electrical architecture and other leading smart electric technologies. Leapmotor adheres to the user-centric value proposition, striving to provide products and services which deliver superior experience beyond expectation. Products currently on sale include the ultra-comfortable and intelligent 6-seater SUV C16, the first globalized strategic model C10, best-in-class smart electric SUV C11, deluxe smart electric sedan C01, and smart BEV city cooter T03, with bonus options of "dual-model layout of battery electric + extended-range". In 2023, Stellantis Group became a shareholder of Leapmotor. In May 2024, the two parties formally established a joint venture company, Leapmotor International. In September, Leapmotor C10 and T03 were officially launched in Europe, accelerating the layout of the international market. At the same time, B10, the first globalized B model from brand new B series equipped with the new technology architecture LEAP 3.5, was officially launched on April 10, 2025. As an icon of China's emerging auto, Leapmotor is bringing more happiness to users' travel and life 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, May 19, 2025

As at the date of this announcement, the Board comprises Mr. Zhu Jiangming, Mr. Cao Li and Mr. Zhou Hongtao as executive directors; Mr. Grégoire Olivier, Mr. Douglas Ostermann and Mr. Jin Yufeng as non-executive directors; and Mr. Fu Yuwu, Ms. Drina C Yue and Mr. Shen Linhua as independent non-executive directors.