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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 THIRD QUARTER OF 2022**

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 September 30, 2022 (“**Q3 2022**”).

KEY HIGHLIGHTS FOR Q3 2022

Quarterly total revenue reached RMB4,287.8 million

Quarterly deliveries reached 35,608 units

OPERATIONAL HIGHLIGHTS FOR Q3 2022

	For the nine months ended September 30, 2022	For the three months ended September 30, 2022	For the three months ended September 30, 2021
Total deliveries	87,602	35,608	12,471

- **Total deliveries of vehicles** were 35,608 units in Q3 2022, representing an increase of 186% from 12,471 units in the same period of 2021.
- **Deliveries of T03** were 17,790 units in Q3 2022, representing an increase of 48% from 12,002 units in the same period of 2021.
- **Deliveries of C11** were 17,257 units in Q3 2022, representing an increase of 6,721% from 253 units in the same period of 2021.
- **Deliveries of C01** were 561 units in Q3 2022, and the Company started to deliver C01 in September 2022.
- **The Company's sales network** continued to expand with 490 stores covering 156 cities as of September 30, 2022.

FINANCIAL HIGHLIGHTS FOR Q3 2022

- **Revenue** was RMB4,287.8 million for Q3 2022, representing an increase of 398.5% from the same period of 2021, and an increase of 38.8% from the second quarter of 2022 (“Q2 2022”).
- **Gross margin** was (8.9%) for Q3 2022, a continuous improvement from (44.5%) for the same period of 2021 and (25.6%) for Q2 2022.
- **Loss attributable to equity holders of the Company** was RMB1,339.9 million for Q3 2022, compared with RMB719.1 million for the same period of 2021 and RMB1,401.7 million for Q2 2022.
- **Net cash used in operating activities** was RMB169.1 million for Q3 2022, compared with RMB369.1 million for the same period of 2021 and RMB195.9 million for Q2 2022.

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.

MESSAGE FROM MR. ZHU JIANGMING, THE COMPANY’S FOUNDER, CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

On September 29, 2022, we successfully completed our initial public offering of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). On September 28, 2022, we started the delivery of Leapmotor C01, which was designed as a smart and deluxe electric sedan for various scenarios. It is also the world’s first model equipped with battery-pack-free CTC integration technology. Such innovative technology integrates the battery with chassis frame structure, using the vehicle body as the external structure of the battery pack, which maximizes the structural efficiency and increases 25% of torsional strength of the vehicle body. With the limousine-class independent suspension featuring front double wishbone and rear five links, Leapmotor C01 provides greater driving pleasure with enhanced maneuverability.

Meanwhile, we will launch C11 EREV version in the fourth quarter of 2022 to enrich our product offering and fulfill the needs of different users. We made the first step of globalization in Q3 2022 by delivering our first batch of vehicles to customers in Israel.

In terms of financial performance, the results in Q3 2022 reflected our achievements in product research and development as well as marketing efforts. Despite the supply chain challenges, we hit a record high in quarterly delivery, achieving revenue of RMB4.29 billion in Q3 2022, representing a year-on-year increase of 398.5%. It is more gratifying to see that two of our C platform EVs are well received in the market, resulting in the increase of average selling price and significant improvement of gross margin for our vehicles portfolio. The gross margin in Q3 2022 improved to (8.9%) from (25.6%) in the previous quarter. We believe the increasing sales in C platform models and gradual realization of economies of scale will help us to deliver a more outstanding financial performance in the future.

KEY FINANCIAL RESULTS

(in RMB million, except for percentages)

	For the three months ended June 30, 2022 (unaudited)	For the three months ended September 30, 2022 (unaudited)	For the three months ended September 30, 2021 (unaudited)
Revenue	3,089.7	4,287.8	860.1
Gross loss	(789.4)	(383.7)	(382.5)
Gross margin	(25.6%)	(8.9%)	(44.5%)
Loss attributable to equity holders of the Company	(1,401.7)	(1,339.9)	(719.1)
Net cash used in operating activities	(195.9)	(169.1)	(369.1)
Free cash flow ⁽¹⁾	(510.4)	(507.1)	(616.5)

Note:

(1) Free cash flow represents net cash used in operating activities less capital expenditures.

UNAUDITED FINANCIAL RESULTS FOR Q3 2022

Revenue

- **Revenue** was RMB4,287.8 million for Q3 2022, representing an increase of 398.5% from RMB860.1 million for the same period of 2021 and an increase of 38.8% from RMB3,089.7 million for Q2 2022.

Cost of Sales and Gross Margin

- **Cost of sales** was RMB4,671.6 million for Q3 2022, representing an increase of 276.0% from RMB1,242.5 million for the same period of 2021 and an increase of 20.4% from RMB3,879.1 million for Q2 2022. The year-over-year and quarter-over-quarter increases were mainly due to the increase of sales.
- **Gross margin** was (8.9%) for Q3 2022, compared with (44.5%) and (25.6%) for the same period of 2021 and Q2 2022, respectively. The year-over-year and quarter-over-quarter improvements were mainly attributable to the growth of sales, the structural improvement of vehicles portfolio and the increase of average selling price.

Operating Expenses

- **Research and development (R&D) expenses** were RMB404.0 million for Q3 2022, representing an increase of 138.9% from RMB169.1 million for the same period of 2021 and an increase of 42.3% from RMB283.9 million for Q2 2022. The year-over-year and quarter-over-quarter increases were mainly attributable to the increase of employee compensation for more R&D personnel and the increase of the R&D investment in new models.
- **Selling expenses** were RMB390.4 million for Q3 2022, representing an increase of 323.0% from RMB92.3 million for the same period of 2021 and an increase of 64.8% from RMB236.8 million for Q2 2022. The year-over-year and quarter-over-quarter increases were mainly attributable to the increase in marketing expenses for brand building, advertisement and vehicle sales, as well as the increase in number of employees.
- **Administrative expenses** were RMB218.4 million for Q3 2022, representing an increase of 142.6% from RMB90.0 million for the same period of 2021 and an increase of 42.2% from RMB153.6 million for Q2 2022.

Operating Loss

- **Operating loss** was RMB1,361.4 million for Q3 2022, compared with RMB709.3 million for the same period of 2021 and RMB1,421.5 million for Q2 2022. The higher year-over-year loss was mainly attributable to the increase of operating expenses resulted from sales growth, and the lower quarter-over-quarter loss was mainly attributable to improvement in gross margin.

Loss Attributable to Equity Holders of the Company

- **Loss attributable to equity holders of the Company** was RMB1,339.9 million for Q3 2022, compared with RMB719.1 million for the same period of 2021 and RMB1,401.7 million for Q2 2022.

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 long-term bank time deposits** was RMB11,778.8 million as of September 30, 2022.
- **Net cash used in operating activities** was RMB169.1 million for Q3 2022, representing an improvement of 54.2% from cash flow of RMB369.1 million for the same period of 2021 and an improvement of 13.7% from cash flow of RMB195.9 million for Q2 2022.
- **Free cash flow** was RMB(507.1) million for Q3 2022, representing an improvement of 17.7% from cash flow of RMB(616.5) million for the same period of 2021 and an improvement of 0.6% from cash flow of RMB(510.4) million for Q2 2022.

RESULTS CONFERENCE CALL

The Company's management will host a conference call in relation to the results for Q3 2022 (the "results conference call") through webcast from 8:00 p.m. on Monday, November 14, 2022 (Beijing/Hong Kong Time), and the questions which are of common concern to the investors will be answered on the results conference call. Please refer to the Company's announcement dated November 8, 2022 for details of the results conference call.

Investors who wish to attend the results conference call shall complete registration online through the following link at least 20 minutes prior to the commencement time of the results conference call: <https://ir.leapmotor.com/zh-hans/active>.

Investors may revisit the webcast and audio recording of the results conference call at the following website: <https://ir.leapmotor.com/zh-hans/active>.

ABOUT LEAPMOTOR

Founded in 2015, the Company is a smart EV company based in China primarily focusing on the mid- to high-end segment of China's NEV market. Its mission is to deliver the finest smart mobility experience to all consumers. Since 2019, the Company has launched four BEV models, including the S01 in 2019, the T03 in 2020, the C11 in 2021 and the C01 in 2022, appealing to varied customer demand and preferences. On September 29, 2022, the H Shares of the Company were listed on the Main Board of Hong Kong Stock Exchange.

For more information, please visit: <https://ir.leapmotor.com/>.

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, our 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
*Chairperson of the Board,
Executive Director and Chief Executive Officer*

Hong Kong, Monday, November 14, 2022

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. Jin Yufeng as a non-executive Director; and Mr. Fu Yuwu, Dr. Huang Wenli and Ms. Drina C Yue as independent non-executive Directors.