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Gross profit (GAAP) in the first half of 2025 reached \$16.4 million, down from \$19.0 million in the same period in 2024, despite a sharp rise in gross margin. The company reported total operating expenses of \$18.3 million in the first half of 2025, with a notable decrease reflecting cost discipline but increased R&D linked to battery product development. Kandi(KNDI 1.85%) signaled a strategic pivot by deepening partnerships with major retailers such as Lowe's and expanding the dealer network, while also exploring high-margin direct-to-consumer channels, e-commerce, and optimizing key account profitability. The partnership with Deep Robotics and the first CATL battery swapping order highlight the company's effort to diversify away from core off-road vehicle sales and position for long-term growth in intelligent equipment and new energy infrastructure.

Feng Chen: [Interpreted] Good day investors and analysts. Welcome to Kandi Technologies Earnings Conference Call for the first half of 2025. We sincerely appreciate your taking the time to join us as we review the company's first half performance. In the first half of 2025, the global macroeconomic landscape remains clouded by considerable uncertainty, creating real headwinds for our business. Nevertheless, thanks to our agility and strategic foresight we made substantial progress on several key initiatives while enhancing our traditional off-road vehicle operations, we also leveraged our core strengths to expand into the emerging fields of embodied intelligence and new energy infrastructure.

Through the confirmation of several pivotal partnerships, we steadily advanced our transformation from a conventional manufacturing enterprise into a holding platform with intelligent equipment manufacturing at its core. This transformation initiatives not only speaks to our resilience in a challenging environment but also reaffirms our confidence in delivering sustainable growth over the long term. I will begin with an update on the latest developments in our core business. Following the adjustments and upgrades made in the first half of the year, we have entered a new phase of refined operations with the goal of delivering steady high-quality growth.

Through more efficient resource allocation, inventory optimization and disciplined cost control, we are gradually improving our profitability and strengthening our cash flow management. Let's look more closely at these business operations from 3 key aspects. In product sales, our focus on inventory management within retail channels drove a notable improvement in gross margin to 45.2% for the first half of 2025, up 13.5 percentage points from 31.7% in the same period of 2024. This reflects the effectiveness of our refined operations and cost control initiatives. Meanwhile, by optimizing our internal production structure and streamlining assembly line processes, we have enhanced manufacturing efficiency and shortened delivery cycles, further strengthening product delivery reliability.

Second, on the sales channel front, we are creating a more balanced and strategic distribution layout to enhance both our market penetration and service capabilities. To that end, we have reinforced key partnerships with major retailers, including Lowe's, while further expanding our dealer network. Our products are now carried in 1,050 retail outlets with our dealer network demonstrating steady growth. Thanks to the concerted efforts of our new sales team, the dealer to retail sales mix has improved from 129 previously to 228 as of the end of June, reflecting a more diversified and resilient channel structure.

Beyond our traditional sales channels, we are actively exploring high-margin direct-to-consumer channels, e-commerce platforms and major distributor networks while evaluating and optimizing the long-term profitability of our key account partnerships, we aim to achieve an optimal balance among brand visibility, market share and profitability. Finally, we have proactively accelerated the design and development of several new products, the design schematics are finalized, and we anticipate launching these products by the middle of next year. Their introduction will provide new growth momentum, broaden our product portfolio and further enhance our market competitiveness. Moving on to our emerging business segments, supported by keen market insights, we maintain an innovation-driven approach to these segments.

With particular emphasis on intelligent equipment and new energy infrastructure, let me walk you through our latest initiatives in those 2 fields. In the first half of this year, we embarked on a deep collaboration with Deep robotics, a leading Chinese innovator in embodied intelligence to jointly develop intelligent golf equipment and quadruped robots for security inspections, leveraging our independently developed cloud edge terminal intelligence computing system. These emerging small devices are designed to precisely meet diverse market needs unlocking substantial growth potential for our intelligent equipment business. In the new energy infrastructure sector, battery swapping technology remains a key strategic cornerstone for us.

Kandi has been advancing the adoption and application of this technology for over a decade, establishing ourselves as the industry a pioneer. Through our subsidiary, China Battery Exchange, Zhejiang, Technology Co., Ltd., we have become a supplier of heavy truck battery swapping station equipment to CATL, the global leader in power batteries and have successfully secured our first order to support the rollout of its ambitious 10,000 stations plan. This collaboration not only strengthens our technological leadership, but also positions us to generate substantial revenue. Before I conclude, a brief look at our financial position. As of June 30, 2025, the company held \$257

million in cash, cash equivalents, restricted cash and certificates of deposit.

Our balance sheet remains exceptionally strong, providing ample liquidity to support both our strategic growth initiatives and ongoing business expansions. In summary, Kandi demonstrated resilience and a strong capacity for sustained growth amidst external challenges and internal transformation during the first half of 2025. Despite some short-term volatility, we believe our disciplined focus on optimized operations, strategic e-collaboration and technological innovation has positioned the company for long-term development. Looking ahead, we are confident in our dual engine strategy, balancing stable cash flow businesses with growth incubation businesses.

Through disciplined execution and continuous innovation, we will strengthen our position in off-road vehicle sector, while strategically expanding into intelligent equipment and new energy markets maintaining our competitive edge and creating long-term value for our shareholders and investors. Now let me turn the call over to our CFO, Alan Lim, who will provide details on our financial performance. Thank you.

Jehn Ming Lim: Thank you, Mr. Chen and Kewa. Thank you, and thank you, everyone, for joining us today. I will go over our unaudited financial results for the first half of 2025. The net revenues were \$36.3 million, down 39.3% from \$59.8 million for the same period of 2024. Primarily reflecting the lower sales of off-road vehicles and EV products. The cost of goods sold was \$19.9 million, a decrease of 51.3% from \$40.9 million for the same period of 2024. The decrease was primarily due to the corresponding decrease in sales. The gross profit was \$16.4 million compared with \$19.0 million for the same period of 2024.

The gross margin improved significantly to 45.2% up from 31.7% last year, driven by more favorable product mix and regional revenue distribution as well as increased sales of previously impaired

inventory. The total operating expenses were \$18.3 million, a decrease of 21.4% from \$23.3 million for the same period of 2024. Regarding the breakdown for expenses, Research and development expenses were \$2.5 million, up 48.5% from \$1.7 million for the same period of 2024, mainly due to a battery product R&D project launched in the first half of 2025. The selling and marketing expenses were \$4.5 million, down 35.8% from \$7.0 million for the same period of 2024. The decrease was comparable with the scale of decrease in revenue.

The general and administrative expenses were \$11.3 million, down 22.6% from \$14.6 million for the same period of 2025. The decrease was mainly due to a lower depreciation resulting from the long-lived asset impairment recorded at the end of 2024 and reduced stock-based compensation expenses compared with the prior year period. The net income was \$1.7 million compared with \$2.4 million for the same period of 2024. The basic and diluted net income attributable to the company's stockholders per share were \$0.02 compared with \$0.03 for the same period of 2024. Turning to our balance sheet. Our financial position remains strong.

As of June 30, 2025, the company had cash and cash equivalents, the restricted cash and certificates of deposits totaling \$256.7 million, compared with \$126.3 million as of December 31, 2024. That concludes our remarks. I will now hand the call back to Kewa for any final comments. Thank you.

Kewa Luo: Thank you once again for joining us today. If you have any further questions, please reach out using the contact information provided on our website. We appreciate your time and interest in Kandi Technologies. This concludes today's conference call. You may now disconnect.

Operator: Thank you. This concludes today's call. Have a wonderful afternoon. You may now disconnect your lines.

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