

Ad hoc announcement pursuant to Art. 53 LR

Securities Code: 688777 Securities Abbreviation: SUPCON Announcement Number: 2023-071

SUPCON Technology Co., Ltd.

Announcement on Provision for Credit and Asset

Impairment in the First Three Quarters of 2023

The company's board of directors and all directors guarantee that the contents of this announcement do not contain any false records, misleading statements or major omissions, and assume legal responsibility for the authenticity, accuracy and completeness of its contents in accordance with the law.

SUPCON Technology Co., Ltd. (hereinafter referred to as the "Company" or "SUPCON") held the 24th meeting of the fifth board of directors and the 20th meeting of the fifth board of supervisors on October 24, 2023. The "Proposal on Provision for Credit and Asset Impairment Provisions in the First Three Quarters of 2023" was reviewed and approved. This proposal does not need to be submitted to the company's shareholders' meeting for review. The specific matters are now announced as follows:

1. Overview of the current provision for impairment

In accordance with the relevant requirements of the "Shanghai Stock Exchange Science and Technology Innovation Board Stock Listing Rules", in accordance with the "Accounting Standards for Business Enterprises" and the company's relevant accounting policies, in order to objectively and fairly reflect the company's financial status, asset values and operating results, the company and its subsidiaries conduct a comprehensive inventory and impairment test of all types of assets, and based on the principle of prudence, accrue credit and asset impairment provisions for relevant assets that may have credit and asset impairment losses within the scope of the consolidated statements as of September 30, 2023.

The company has accrued credit impairment losses of RMB 56.2682 million and asset impairment losses of RMB 43.2539 million for the current period. The details are as follows:

Project		Amount of provision for impairment (RMB 10,000)
Credit impairment loss	Bad debt losses on notes receivable	-72.75
	Bad debt losses on accounts receivable	5,253.47
	Bad debt losses on other receivables	446.10
Asset impairment loss	Inventory depreciation loss	1,523.94
	Impairment losses on contract assets	2,801.45
Total		9,952.21

2. Specific explanation of this provision for impairment

(1) Provision for impairment of accounts receivable

The company conducts impairment testing on notes receivable, accounts receivable, and other receivables based on expected credit losses and combined with the individual identification method. After testing, the total amount of credit impairment losses accrued in this period was 56.2682 million yuan.

(2) Inventory impairment

The company measures inventory at the balance sheet date using the lower of cost and net realizable value, and makes provision for inventory depreciation based on the difference between the cost of a single inventory and its net realizable value.

From January to September 2023, the company's inventory mainly includes shipped goods, raw materials, finished products, work in progress, etc. After impairment testing, a loss of RMB 15.2394 million in inventory depreciation was accrued in the current period.

(3) Provision for impairment of contract assets

Regardless of whether there is a significant financing component in contract assets, the company measures loss provisions based on expected credit losses throughout the entire duration. After impairment testing, the amount of impairment losses on contract assets in the current period was RMB 28.0145 million.

3. The impact of this impairment provision on the Company

This impairment provision was included in the accounts of asset impairment losses and credit impairment losses, with a total impact of 99.5221 million yuan on the company's total consolidated profit from January to September 2023 (the total consolidated profit does not include income tax effects). The above data have not been

audited by an accounting firm, and the final data is subject to the annual audited financial data by the accounting firm.

4. Independent opinions of independent directors on the company's provision for impairment

The independent directors believe that the company's provision of credit and asset impairment provisions is based on the principles of prudence and rationality, complies with the relevant provisions of the "Accounting Standards for Business Enterprises" and the company's accounting policies, and can objectively and fairly reflect the company's financial status and assets. Value and operating results help provide investors with more true, reliable and accurate accounting information, and there is no behavior that manipulates profits or harms the interests of the company and shareholders. The decision-making process for accruing credit and asset impairment provisions this time complies with the relevant provisions of laws and regulations. Agree with the company to set aside credit and asset impairment provisions from January to September 2023.

5. Opinions of the Board of Supervisors on the Company's Provision for Impairment

The Board of Supervisors believes that the company's provision of credit and asset impairment provisions in accordance with relevant regulations such as the "Accounting Standards for Business Enterprises" and the company's accounting policies is in line with the company's actual situation. The provision of credit and asset impairment provisions can more fairly reflect the company's assets and finances. The company's board of directors reviewed the decision-making process for the proposal in compliance with the relevant provisions of laws and regulations, and agreed that the company should make provision for credit and asset impairment from January to September 2023.

Hereby notice.

Board of Directors of SUPCON Technology Co., Ltd.

October 25, 2023