Journal of Global Economic Insights, 2025, 1(1), 58-92
https://doi.org/10.71204/49a9zc07

Research on Financial Analysis of LiAuto Based on Harvard Analysis Framework

Wenwen Chen [1, *]

[1] School of Economics and Management, Beiiing City University, Beiiing 100083, China

*** Correspondence**:

Wenwen Chen

chenwwen2002@163.com

Received: 30 April 2025/ Accepted: 26 May 2025/ Published online: 29 May 2025

Abstract

In the current era when the global automotive industry is accelerating its transformation towards the new energy sector, as a significant player in the new energy vehicle field, Li Auto should have taken advantage of the industry's favorable conditions to achieve rapid growth. However, in its actual development, it has encountered severe competitive landscapes and market challenges. This article applies the Harvard Analysis Framework to Li Auto, analyzing the problems it faces in its operation from the perspectives of strategy, accounting, finance, and prospects. In terms of strategy, the pure electric vehicle model has unreasonable positioning, design, and sales targets. In accounting, the efficiency of using monetary funds is low, and there is an excessive reliance on short-term debt. In finance, the current and quick ratios fluctuate greatly, and the asset turnover efficiency is low. In terms of prospects, it is under pressure from market competition and policy changes. Measures such as adjusting product strategies, optimizing fund management, and actively responding to policy changes need to be taken to enhance its comprehensive competitiveness. This article aims to assist Li Auto in further development and also provide a model for financial analysis of similar automotive companies.

Keywords: Financial Analysis; Ideal Auto; Harvard Analysis Framework; New Energy Vehicles; Strategic Management

1. Introduction

In the second decade of the 21st century, the global automotive industry is undergoing unprecedented changes, with new energy vehicles as the core driving force of this transformation, developing at an unprecedented speed. With the increasingly severe global climate change problem, governments of various countries have introduced policies to encourage the research, development, and production of new energy vehicles to reduce dependence on fossil fuels and lower carbon emissions. This trend is particularly evident in China. As the world's largest

automotive market, the Chinese government has vigorously promoted the development of the new energy vehicle industry through a series of policy measures, such as purchase subsidies, tax preferences, and traffic restrictions and purchase limits (Zhang, 2018). Against this background, Li Auto has rapidly emerged in the new energy vehicle market with its unique extended - range electric vehicle technology and precise market positioning (Wu, 2021). Li Auto not only solves the range anxiety problem of pure electric vehicles but also wins the favor of consumers through intelligent product design and high - quality customer service (Xie, 2022). With the continuous expansion of its product line and the gradual increase of its market share, Li Auto has become an important force in the Chinese new energy vehicle market.

However, the rapid development of the new energy vehicle market has also brought fierce competition. Many domestic and foreign brands have entered the market, vying for limited market share. At the same time, the accelerated pace of technological upgrading has also put forward higher requirements for new energy vehicle enterprises (Chen, 2022). Li Auto needs to maintain its technological leadership while continuously optimizing its cost structure, improving product quality and service levels to cope with the increasingly fierce market competition. In addition, the supply chain of the new energy vehicle industry is complex and highly dependent on external resources, such as battery raw materials and chips. The instability of the global supply chain has had a significant impact on the new energy vehicle industry, increasing the operating risks of enterprises (Yan, 2020). At the same time, adjustments in government policies may also have a significant impact on the financial situation of new energy vehicle enterprises (Ma, 2023). With the improvement of consumers' awareness of new energy vehicles and their enhanced environmental protection awareness, the market demand for new energy vehicles continues to grow. Consumers also have higher and higher requirements for range, charging convenience, and intelligent levels (Li, 2023).

Firstly, by deeply analyzing the financial situation of Li Auto, it can reveal its advantages and disadvantages in market competition and provide reference for other new energy vehicle enterprises in the industry.

Secondly, with the continuous expansion of the new energy vehicle market, studying the financial performance of Li Auto has important reference value for investors, helping them make more informed investment decisions.

Finally, the research on the financial situation of Li Auto enriches the application cases of the Harvard Analytical Framework in the new energy vehicle industry, contributing to the innovation and development of financial management theory in the new energy vehicle field.

2. Relevant Concepts and Theoretical Foundations

2.1. Financial Analysis Concepts

2.1.1. Accurate Assessment of Financial Health

Financial analysis delves into the scale, composition, and quality of corporate assets, scrutinizes the structure, maturity, and repayment pressure of liabilities, and calculates the share

and trends of shareholders' equity. This enables decision-makers to evaluate a company's capital strength, debt burden, and net asset position, facilitating targeted financial planning and capital allocation strategies.

2.1.2. In-depth Evaluation of Operational Performance

By examining revenue sources, growth trends, net profit mechanisms, profit margins, and cash flow dynamics, financial analysis helps management identify profitability potential, operational efficiency, and underlying risks (Wang, 2020). This supports data-driven strategic planning and operational optimization.

2.1.3. Scientific Forecasting of Future Trends

Through historical data analysis, industry trend insights, and macroeconomic assessments, financial analysis projects future revenue, profit trajectories, and cash flow conditions. This forward-looking approach allows companies to proactively align financial strategies with long-term growth objectives.

2.1.4. Supporting External Stakeholder Decisions

Investors rely on financial analysis to identify high-potential opportunities and assess risk-return tradeoffs; creditors evaluate solvency to safeguard loans; and analysts provide objective market assessments (Huang et al., 2020). By transparently presenting financial and operational metrics, financial analysis empowers stakeholders to make informed investment, lending, and valuation decisions, fostering a stable capital market ecosystem.

2.2. Financial Analysis Methods

Financial analysis aims to provide precise decision-making support for all parties related to the enterprise. It mainly relies on several key methods to deeply understand the financial situation of the enterprise from multiple dimensions.

2.2.1. Financial Statement Analysis

Financial statement analysis holds a fundamental position. By carefully studying the income statement, one can accurately sort out the sources and composition of the enterprise's various incomes, as well as the items and amounts of various expenditures, thereby clarifying the enterprise's profit model and actual profit level; the balance sheet can comprehensively present the specific categories of the enterprise's assets, such as the scale and usage status of fixed assets, the turnover situation of current assets, and the detailed items of liabilities, including the maturity time of short-term liabilities and the repayment arrangements of long-term liabilities, making the enterprise's financial structure clear; the cash flow statement records in detail the channels of cash inflows, whether they come from core business operations, investment income, or financing activities, and clearly indicates the destinations of cash outflows, such as for purchasing raw materials, paying employee salaries, and repaying debt principal and interest, thereby accurately reflecting the dynamic turnover of the enterprise's cash. Through in-depth exploration of these three core statements, the enterprise's operating income and expenditure, asset-liability structure, and cash flow situation can be fully presented.

2.2.2. Ratio Analysis

As an important means, uses a series of targeted financial ratios to measure the performance of the enterprise. Take the profit margin as an example. By calculating the ratio of net profit to operating income, it accurately reflects the enterprise's profitability and provides a basis for judging the enterprise's competitiveness in the market; the debt-paying ability ratio measures the enterprise's long-term debt-paying ability by analyzing the relationship between long-term liabilities and assets, equity, etc. The current ratio focuses on the proportion of current assets to current liabilities to judge the short-term liquidity of funds. The combination of the two can accurately assess the enterprise's ability to deal with debt risks; the asset turnover ratio calculates the ratio of operating income to the average total assets to directly present the operational efficiency of assets and reflect the enterprise's business vitality. Through the precise calculation and comparison of these ratios, the enterprise's performance in key areas such as operating performance, debt-paying ability, and fund liquidity can be quantitatively presented, providing precise references for decision-making.

2.2.3. Trend analysis

Trend analysis focuses on the time dimension, collecting and comparing financial data from multiple consecutive periods. By analyzing the changes in values of indicators such as operating income, asset-liability ratio, and net profit in different periods, it accurately judges the trend of the enterprise's financial situation and operating performance. If operating income steadily increases year by year, it indicates that the enterprise's market expansion is smooth; if the asset-liability ratio continues to decline, it shows that the enterprise's financial risk is reduced; if net profit fluctuates greatly, the reasons need to be explored in depth. In this way, the dynamic changes in the enterprise's development can be clearly observed, providing strong support for forward-looking planning.

2.2.4. Cash flow analysis

Cash flow analysis focuses on the enterprise's cash flow situation, mainly evaluating the stability and sustainability of cash inflows, analyzing whether the proportions of cash inflows from operating, investment, and financing activities are reasonable to ensure the enterprise has a stable source of funds; at the same time, it pays attention to the rationality of cash outflows, such as whether procurement expenditures and debt repayment expenditures are within a controllable range. Only by ensuring that the enterprise has sufficient cash reserves, which can not only meet daily operating expenses but also repay debts on time, can the enterprise operate stably.

2.3. Harvard Analytical Framework

2.3.1 The Concept and Composition of the Harvard Analytical Framework

The Harvard Analytical Framework was proposed by three professors from Harvard University, namely Krishna G. Palepu, Paul M. Healy and Victor L. Bernard (Zhang, 2021). This framework is a comprehensive financial analysis tool that organically combines strategic analysis, accounting analysis, financial analysis and outlook analysis, providing a comprehensive and systematic perspective for enterprise financial analysis. It overcomes the limitation of traditional financial

analysis that only focuses on financial data itself. Help users better understand the financial status, operating results and future development trends of the enterprise. Figure 1 explains the analytical framework.

Figure 1. Harvard Framework Diagram

2.3.2. Advantages and limitations of the harvard analytical framework

The Harvard financial analysis framework demonstrates outstanding advantages, capable of conducting comprehensive information analysis, taking into account various internal and external factors, and through multi-dimensional in-depth analysis, more accurately predicting the future development trends of enterprises, providing strong and reliable support for enterprise strategic decision-making and other aspects (Zhang et al., 2022).

Table 1. Advantages of the Harvard Analytical Framework

Comparison dimension	Traditional Report analysis	Harvard Financial Analysis Framework
Comprehensiveness	Limited by financial statement data, there is a lack of integrated consideration of the macro environment in which the enterprise is located and internal non-financial information, making it difficult to construct a comprehensive perspective and prone to missing key information.	From a strategic perspective, integrate external factors such as macroeconomics, policies and regulations, and industry trends, as well as internal information from multiple aspects including finance, operation, and management of the enterprise, to conduct a comprehensive and systematic analysis.
Forward-looking	Ignoring factors such as the trend of policy changes, the impact of technological innovations, and the shift in market demand, and relying solely on historical financial data to predict the future.	Based on in-depth exploration from multiple dimensions such as strategy, accounting, finance, and prospects, all links work in coordination, fully considering the interaction and influence of information at different levels.

3. Overview of Li Auto Company and Industry Background

3.1. Introduction to Li Auto Company

Li Auto was established on July 1, 2015, with its headquarters in Beijing. Its predecessor was Beijing Chehejia Information Technology Co., LTD. With the mission of "Creating a mobile home, creating a happy home", it is determined to become a world-class electric vehicle brand, providing people with high-quality, high-performance and high-tech means of transportation. On July 30, 2020, it was listed on the Nasdaq in the United States with the stock code "LI", and on August 12 of the following year, it was listed on the Hong Kong Stock Exchange with the code "02015.HK".

Since its establishment, Li Auto Company has been making rapid progress. In October 2018, Li Auto launched its first smart electric vehicle, the ONE. The price was announced and pre-orders were accepted in April of the following year. Mass production began in November and deliveries started in December. Since then, the company has accelerated its layout. In July 2021, the 100th directly-operated retail center opened. In October of the same year, the construction of the Beijing Green and Intelligent Factory began. In October of the same year, the 100,000th Li Auto ONE rolled off the production line. In February 2022, some models were integrated with wechat's in-car version. In June, the family smart flagship SUV, Li Auto L9, was released, and deliveries began in August. In February 2023, the first five-seat product of Li Auto, the L7, made its debut. It was officially delivered in March and has been continuously expanding its market territory with innovative products, making a name for itself in the field of new energy vehicles.

3.2. Industry Background Analysis

At present, the new energy vehicle industry is developing rapidly, which constitutes the industry background of Li Auto Company. On the one hand, the market is experiencing explosive growth. The sales of new energy vehicles both globally and domestically are continuously rising, and the demand is becoming increasingly strong, providing Li Auto Company with a vast space for expansion. On the other hand, the technological field is also evolving rapidly. Autonomous driving, battery optimization, and energy management system innovation have become trends. Li Auto Company is actively following suit, independently developing an autonomous driving system, applying unique range-extended electric technology, and meticulously crafting advanced battery management solutions, striving for outstanding product performance. In terms of policy, the government has been providing continuous support. Early car purchase subsidies have stimulated market vitality. Although the subsidies have been reduced later, measures such as industrial planning and tax incentives have still created a favorable atmosphere for the growth of new energy vehicles, including Li Auto Company.

However, the challenges faced by Li Auto Company should not be underestimated either. Fierce competition takes the lead. New force automakers are springing up like mushrooms after rain, and traditional automakers are accelerating their transformation pace. All parties are vying for market share. Li Auto Company must constantly innovate and rely on its differentiated advantages to gain a firm foothold.

4. Financial Analysis of Ideal Auto Based on the Harvard Analytical Framework

4.1. Strategic Analysis

4.1.1. Porter's Five Forces Model

(1) Threat of new entrants

From a strategic perspective, the rapid development of the new energy vehicle industry has attracted a large number of new enterprises. For Li Auto, potential new entrants may bring new technologies and business models, intensifying market competition. Tech giants like Apple and Google have profound technical reserves and a large number of professionals in cutting - edge technology fields such as artificial intelligence, software algorithms, and chip research and development. Once they enter the new energy vehicle market, they can quickly apply their technical advantages to key systems such as intelligent driving and in - vehicle interaction, developing highly intelligent and innovative products, posing a huge technical challenge to Li Auto. Traditional automakers have a long history and rich experience in the automotive manufacturing field. They master core technologies of traditional automobiles such as engines, chassis, and transmissions, and are also very mature in production processes, quality control, and supply chain management. With the acceleration of the electrification transformation, they can combine these advantages with new energy technologies to quickly launch reliable and high - quality new energy vehicle products, competing directly with Li Auto in the market. Moreover, traditional automakers have cultivated a large number of loyal users, and these consumers have a high sense of identity and loyalty to the brand. Even in the new energy vehicle era, they may still be more inclined to choose new energy models of familiar and trusted traditional brands.

(2) Threat of substitutes

With the continuous progress of battery technology, the range of pure electric vehicles is gradually increasing. Some high - end pure electric vehicles can already meet the daily travel needs of most consumers. Even, with the support of fast - charging technology, the charging time of some models has been greatly shortened, which poses a certain threat to Li Auto's market share. Fuel cells are considered one of the future development directions of new energy vehicles. They have advantages such as high energy density, short refueling time, and zero emissions. Although the current market scale of hydrogen - fuel - cell vehicles is small, their technology is developing rapidly, and some national and regional governments are vigorously supporting the research, development, and promotion of hydrogen - fuel - cell vehicles. If the cost of hydrogen - fuel - cell vehicles can be significantly reduced and the technology becomes more mature and stable in the future, it will pose a huge substitution threat to existing new energy vehicles, including those of Li Auto.

(3) Bargaining power of suppliers

As of October 18, 2024, Li Auto had cumulatively delivered over 1 million vehicles. Its large - scale sales and continuous increase in delivery volume have led to a substantial increase in the procurement volume of components. This gives Li Auto stronger bargaining power when negotiating with suppliers, enabling it to strive for more favorable procurement prices, quality

standards, and delivery terms. Li Auto adopts a cross - supply model with two suppliers, CATL and Sunwoda, to avoid the risk of supply interruption caused by over - reliance on a single supplier. The existence of two suppliers gives Li Auto more choices and greater bargaining power in battery procurement negotiations. If one supplier's quotation or cooperation terms are not satisfactory, Li Auto can use the competitive pressure from the other supplier to prompt the former to lower prices, improve service quality, or improve other cooperation terms, thereby obtaining more favorable procurement conditions and reducing battery procurement costs. The competition between CATL and Sunwoda prompts them to continuously improve their technical levels, product quality, and production efficiency to strive for more order shares. This competitive pressure is conducive to promoting the progress of battery technology and cost reduction, ultimately benefiting Li Auto, which can obtain better - performing and more reasonably - priced battery products.

(4) Bargaining power of buyers

Due to the fierce competition in the new energy vehicle market, buyers have relatively strong bargaining power. Li Auto should focus on enhancing brand value and customer loyalty. It can increase the switching costs of buyers by providing high - quality after - sales services, personalized vehicle customization services, etc. At the same time, it should optimize the product cost structure, reasonably control prices while ensuring product quality, to balance the bargaining power of buyers and corporate profits. For example, by establishing a sound after - sales service network and providing rapid - response maintenance services, customer satisfaction can be improved.

(5) Rivalry among existing competitors

The new energy vehicle industry is in a stage of rapid development, with continuous updates in battery technology, autonomous driving technology, and intelligent cockpit technology. For example, the continuous increase in battery energy density has greatly increased the range of pure electric vehicles, which poses a certain impact on Li Auto's extended - range technology advantage. Consumers have more choices when purchasing cars and may be more inclined to pure electric vehicles with longer ranges and no reliance on fuel engines. With the continuous expansion of the new energy vehicle market, more and more enterprises are entering the field, and the intensifying market competition has led to frequent price wars. Some automakers continuously reduce product prices to seize market share, which poses a challenge to Li Auto's pricing strategy. If Li Auto does not participate in the price war, it may lose some price - sensitive consumers; if it does, it may affect its profitability.

4.1.2. SWOT Analysis

(1) Strengths

As mentioned in the interviews with Li Auto employees, Li Auto's strategic positioning is to become a leader in the new energy vehicle market, committed to providing high - quality and high - performance electric vehicle products. Its market goal is to further expand market share and enhance brand influence. Since its establishment, Li Auto has clearly positioned itself as a family - car brand, precisely building full - chain operating capabilities around the family - user group. It

deeply explores the needs of family users for vehicle space, comfort, intelligent configuration, and range, and builds products accordingly, providing a better choice for family travel. In October 2024, Li Auto's 1 millionth vehicle rolled off the production line, making it the first new - energy vehicle startup in China to reach this milestone, demonstrating its strong influence and user base in the market. In addition, by adhering to the brand mission of "creating a mobile home and a happy home," Li Auto has established a good brand image of focusing on family travel in the hearts of consumers, enhancing users' sense of identity and loyalty to the brand.

As mentioned by Li Auto employees in the interviews, Li Auto aims to maintain its competitive advantage through continuous technological innovation, product upgrades, and high - quality services. As the pioneer of extended - range electric vehicles, Li Auto's extended - range electric technology has been continuously developed and improved. Its self - developed extended - range electric 2.0 system is more efficient, quieter, and more integrated, effectively solving users' range - anxiety problems. For example, Li Auto's L - series models are equipped with a self - developed and self - produced 1.5T four - cylinder range - extender, a new - generation large - capacity battery pack, and front and rear dual - drive motors, making it possible to use electricity in cities, generate electricity on long - distance trips, and supply power for camping, providing more convenience and possibilities for family travel. On November 28, 2024, Li Auto fully pushed the latest results of the end - to - end + VLM dual - system architecture - - parking - space - to - parking - space to all Zhijia MAX version users, becoming the first automaker in the industry to fully push this function.

(2) Weaknesses

Compared with traditional automakers, Li Auto has a shorter establishment time and less market precipitation, resulting in limited brand awareness. This may pose challenges when attracting a wider range of consumers, especially those with high loyalty to traditional brands, who may be more inclined to choose cars from well - known brands. Some consumers do not fully understand Li Auto's technology and product features. For example, the advantages of its extended - range electric technology have not been fully recognized by all potential consumers, and it may be misinterpreted as a transitional or less advanced technology, affecting purchase decisions.

(3) External opportunities

After achieving certain results in the domestic market, Li Auto has the potential to expand into the international market. With the increasing global attention to environmental protection and sustainable development, as well as the policy support of governments of various countries for new energy vehicles, such as purchase subsidies, tax preferences, and free parking, these policies help to reduce consumers' purchase costs and improve the market competitiveness of new energy vehicles, thus providing opportunities for Li Auto's sales expansion. Li Auto can expand its business to regions with high demand for new energy vehicles, such as Europe and North America, further expanding its market coverage and enhancing its international brand influence and market share.

(4) External threats

The new energy vehicle market has attracted many participants, including traditional automakers, new - energy vehicle startups, and technology companies, and the market competition is becoming increasingly fierce. Traditional automakers have strong brand influence, technical accumulation, and production - manufacturing capabilities; new - energy vehicle startups perform well in innovation and user experience; technology companies have advantages in intelligent networking technology and software development. These competitors are all vying for market share, putting great competitive pressure on Li Auto, which may lead to market - share shrinkage, product - price reduction, and profit - margin compression. The government's policies and regulations for new energy vehicles are constantly being adjusted and improved, such as the phase - out of subsidy policies, the tightening of emission standards, and the strengthening of safety regulations. These changes in policies and regulations may have a significant impact on Li Auto's production, sales, and operation.

4.2. Accounting Analysis

4.2.1. Identification of Key Accounting Items

(1) Monetary funds

Against the backdrop of widespread losses in the new energy vehicle industry, Li Auto inevitably faces significant loss - making pressure. Moreover, there is usually a certain payment - collection period in car sales. It may take several months from the delivery of vehicles to dealers to the final receipt of payment. Monetary funds, as the most direct source of funds for enterprises, can continuously support the daily operations of enterprises. They can be used to pay fixed expenses such as employee salaries, utility bills, and equipment maintenance fees, ensuring that enterprises do not interrupt production and sales activities due to capital shortages. For example, even if an enterprise incurs large operating losses in certain quarters or years, as long as it has a certain amount of monetary funds, it can maintain the normal operation of the factory, ensure the continuity of the R & D and production processes, and avoid forced production stoppages due to capital - chain breaks.

(2) Inventory

The automotive manufacturing industry is a capital - and technology - intensive industry. Inventory management directly reflects an enterprise's production planning, supply - chain efficiency, and market - response capabilities. The new energy vehicle field is particularly special, with rapid technological iterations, strong policy dependence, and fierce market competition. Enterprises need to dynamically adjust inventory levels to balance capacity expansion and market demand. In addition, the new energy vehicle industry has a high dependence on core components such as batteries. Fluctuations in raw - material prices and changes in technology routes can significantly affect inventory value and turnover efficiency. Therefore, inventory is not only a key indicator for measuring the short - term operating health of Li Auto but also a window to its long - term strategic layout and industry - competition situation.

(3) Accounts payable

Accounts payable is selected as a key accounting item for analyzing Li Auto mainly because it can intuitively reflect the characteristics of heavy - asset investment, high supply - chain concentration, and capital intensity in the new - energy vehicle industry. As an industry highly dependent on core raw materials such as batteries and motors, the scale of accounts payable is directly related to an enterprise's capacity - expansion rhythm and supply - chain bargaining power.

4.2.2. Analysis of Key Accounting Items

(1) Monetary funds

As can be seen from Table 2, the monetary funds of Li Auto Company have witnessed explosive growth from 2019 to 2023. The rapid increase in monetary funds not only reflects the confidence of the capital market in Li Auto but also highlights the company's use of cash reserves to cope with industry uncertainties (such as fluctuations in raw material prices and policy adjustments). Cash and cash equivalents rose sharply from 1,296,215.00 thousand yuan in 2019 to 91,329,030 thousand yuan in 2023, indicating that the company has accumulated abundant liquidity through equity financing, debt issuance or operating activities to support the demands of new energy vehicle research and development, capacity expansion and market expansion. Restricted deposits and cash flows fluctuated significantly. They rose from 140,027.00 thousand yuan in 2019 to 2,638,840 thousand yuan in 2021, soared to 19,971,537 thousand yuan in 2022 (either to deal with supply chain risks or debt guarantees), and dropped back to 11,933,734 thousand yuan in 2023. It may be related to the lifting of some capital restrictions or debt repayment.

Table 2. Monetary Funds Status of Li Auto Inc. from 2019 to 2023(Unit: RMB 1,000)

Indicator	2023	2022	2021	2020	2019
Cash and cash equivalents	91,329,030.00	38,478,016.00	27,854,224.00	8,938,341.00	1,296,215.00
Restricted deposits and cash flows	11,933,734.00	19,971,537.00	2,638,840.00	1,234,178.00	140,027.00

(2) Inventory

It can be obtained from Table 3 that the total inventory increased from 1,048,004 thousand yuan in 2020 to 1,617,890 thousand yuan in 2021, and soared to 7,163,294 thousand yuan in 2022. This was mainly due to the simultaneous and significant increase in manufactured goods, raw materials and work-in-progress, or strategic stocking to cope with the mass production of new vehicle models and fluctuations in the prices of core raw materials. In 2023, inventory slightly decreased to 6,940,885 thousand yuan. Among them, manufactured goods increased to 4,419,180 thousand yuan, while raw materials and work-in-progress decreased to 2,521,705 thousand yuan, indicating that Li Auto Company has improved operational efficiency by optimizing procurement plans and reducing redundant inventory. The inventory turnover rate dropped sharply from 15.94

times in 2021 to 8.67 times in 2022 (with the risk of inventory overstock becoming prominent), and rebounded to 14.09 times in 2023, reflecting the improvement in turnover efficiency brought about by capacity adjustment. Given the rapid technological iteration and strong supply chain dependence of the new energy vehicle industry, the aggressive expansion in 2022 May be aimed at seizing market share and coping with fluctuations in raw materials.

Table 3. Inventory Situation of Li Auto from 2020 to 2023 (Unit: RMB/Thousand yuan)

Indicator	2023	2022	2021	2020
Finished products	4,419,180	4,019,010	149,089	820,168
Raw materials and work-in-progress	2,521,705	3,144,284	1,468,801	227,836
Inventory	6,940,885	7,163,294	1617,890	1048,004
Inventory turnover rate times	14.09	8.67	15.94	10.10

(3) Accounts payable

As can be seen from Table 4, Li Auto's accounts payable and notes payable have shown explosive growth from 2020 to 2023, fully reflecting its business expansion and the deep adjustment of its supply chain strategy. The total of accounts payable and notes payable soared from 3,160,515 thousand yuan in 2020 to 51,870,097 thousand yuan in 2023. The amount payable for raw materials increased from 2,991,538 thousand yuan to 34,839,546 thousand yuan, mainly due to capacity expansion and the demand for mass production of new vehicle models. Especially the expansion of the procurement scale of core components of new energy vehicles (such as batteries) and the hedging strategy against fluctuations in raw material prices; Notes payable soared from 168,977 thousand yuan to 17,030,551 thousand yuan, indicating that Li Auto Company optimized short-term cash flow through note financing, supported R&D investment and market expansion, and alleviated financial pressure.

Table 4. Accounts Payable and Notes Payable of Li Auto from 2020 to 2023

Indicator	2023	2022	2021	2020
Payment payable for raw materials	34,839,546	15,410,150	7,089,370	2,991,538
Notes payable	17,030,551	4,614,179	2,286,680	168,977
Total	51,870,097	20,024,329	9,376,050	3,160,515

It can be obtained from Table 5 that the accounts payable and notes due within three months in 2023 reached 45,079,655 thousand yuan, far exceeding 3,118,840 thousand yuan in 2020. This reflects that Li Auto Company highly relies on short-term credit to maintain its operations. Although it enhances the flexibility of funds, it implies liquidity risks. The long-term payable

(exceeding one year) is only 98,359 thousand yuan, indicating that the supplier's credit line is mainly short-term and the financial flexibility is limited. Due to the industry characteristics of new energy vehicle enterprises, which are highly dependent on core raw materials such as lithium and cobalt in their supply chains and have rapid technological iterations, the sharp increase in accounts payable may be to ensure the stability of the supply chain and hedge against price fluctuations, while the explosive growth of notes payable highlights the strategy of supplementing liquidity through financial tools.

Table 5. Aging Analysis of Accounts Payable and Notes Payable of Li Auto from 2020 to 2023

Indicator	2023	2022	2021	2020
Within 3 months	45,079,655	19,806,395	7,539,833	3,118,840
3 to 6 months	6,565,284	124,122	1,639,286	18,537
6 months to 1 year	126,799	31,051	161,913	10,676
Over a year	98,359	62,761	35,018	12,462
Total	51,870,097	20,024,329	9,376,050	3,160,515

4.3. Financial Analysis

When conducting a financial analysis of Li Auto Company, it is reasonable to compare it with NIO and XPeng. The main reason is that all three are leading enterprises in China's new energy vehicle manufacturing force, with highly similar market positioning, financing background and growth stage. By comparing core financial indicators, the competitive advantages of Li Auto Company can be identified more clearly.

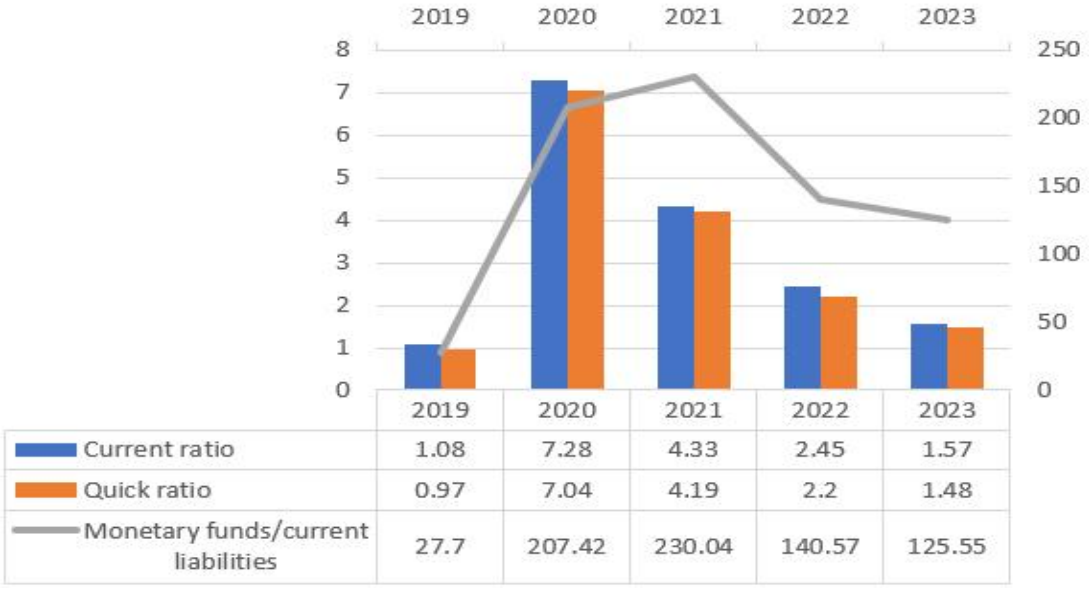
4.3.1. Analysis of Debt-paying Ability

(1) Short-term debt-paying ability

The current ratio = current assets/current liabilities. The current ratio is used to assess the ability of an enterprise to convert its current assets into cash for debt repayment before the maturity of short-term debts. It can be seen from Figure 2 that from 2019 to 2020, the current ratio of Li Auto Company showed an upward trend, rising from 1.08 to 7.28. This indicates that the current assets of Li Auto Company are gradually increasing relative to current liabilities, and its short-term debt-paying ability is strengthening. From 2020 to 2023, the current ratio decreased from 7.28 to 1.57. This means that during this period, the growth rate of current assets of Li Auto Company was slower than that of current liabilities, possibly due to Li Auto Company's expansion of business scale and increase in short-term debt financing.

The quick ratio = (Current assets - Inventory)/Current liabilities. The quick ratio is based on the current ratio and deducts the inventory factor. Because the liquidity of inventory is relatively weak, the quick ratio can more conservatively measure the short-term debt-paying ability of an

enterprise. From 2019 to 2020, the quick ratio of Li Auto Company rose from 0.97 to 7.04, and its short-term debt-paying ability strengthened. From 2020 to 2023, it dropped from 7.04 to 1.48. This might be due to the fact that during the company's operation, the growth of quick assets failed to keep up with the growth of current liabilities.



	2019	2020	2021	2022	2023
Current ratio	1.08	7.28	4.33	2.45	1.57
Quick ratio	0.97	7.04	4.19	2.2	1.48
Monetary funds/current liabilities	27.7	207.42	230.04	140.57	125.55

Figure 2. The Changes in the Short-Term Debt-Paying Ability Indicators of Li Auto

The cash ratio = monetary funds/current liabilities. It reflects the ability of an enterprise to repay current liabilities with directly available cash and is the most conservative indicator of short-term debt-paying ability. From 2019 to 2021, the cash ratio of Li Auto Company rose from 27.7 to 230.04, indicating that the relative proportion of monetary funds available for Li Auto Company to repay current liabilities has increased significantly and its debt-paying ability has improved significantly. This might have been achieved by Li Auto Company through methods such as profit accumulation and obtaining funds through financing. From 2021 to 2023, it dropped from 230.04 to 125.55, indicating that the guarantee level of the company's monetary funds relative to current liabilities has decreased. This might be due to Li Auto Company using part of its monetary funds for other investments or business expansion, or the increase rate of current liabilities being faster than that of monetary funds.

As can be seen from Table 6, except for the current ratio of Li Auto being slightly lower than that of XPeng in 2019, the current ratio of Li Auto Company was higher than that of XPeng and NIO in the same period from 2019 to 2022. This indicates that Li Auto Company has a distinct advantage in the coverage capacity of current assets against current liabilities and has a strong short-term debt-paying ability. However, in 2023, Li Auto's current ratio dropped significantly to 1.57, but it was still higher than that of the other two companies.

In terms of the quick ratio, except for 2019 when Li Auto's quick ratio was lower than that of XPeng, it was higher than that of XPeng and NIO from 2020 to 2023, indicating that its quick assets provide a stronger guarantee for current liabilities. However, the rapid decline in 2023 reflects that the liquidity of its quick assets or the asset structure may have undergone adverse

changes. Nevertheless, on the whole, in the early stage, it had a certain buffer advantage in short-term debt repayment due to its relatively high quick ratio.

Except for 2020, Li Auto's cash ratio was higher than that of NIO from 2019 to 2023. Since 2021, Li Auto has started to catch up with XPeng. It reflects that its ability to directly repay current liabilities with monetary funds is relatively strong. However, the significant decline in 2023 May weaken the company's advantage in quickly repaying debts with monetary funds to some extent.

Table 6. Short-term Debt-paying Ability Indicators of Li Auto and its Peer Companies

Indicator	Enterprise	2023	2022	2021	2020	2019
Current ratio	Li Auto	1.57	2.45	4.33	7.28	1.08
	NIO	1.22	1.29	2.18	3.31	0.52
	XPENG	1.51	1.81	2.71	5.06	1.50
Quick ratio	Li Auto	1.48	2.20	4.19	7.04	0.97
	NIO	1.13	1.11	2.11	3.23	0.43
	XPENG	1.36	1.62	2.56	4.89	1.37
Cash ratio	Li Auto	125.55	140.57	230.04	207.42	27.70
	NIO	56.98	43.37	52.52	274.93	9.08
	XPENG	58.51	60.58	61.21	372.70	59.04

Overall, during the period from 2019 to 2023, Li Auto performed outstandingly in the three short-term debt-paying ability indicators of current ratio, quick ratio and cash ratio, significantly outperforming XPeng and NIO. This indicates that Li Auto Company has strong advantages in terms of the coverage capacity of current assets to current liabilities, the guarantee degree of quick assets, and the debt-paying ability of monetary funds, and its short-term debt-paying ability is relatively strong. However, in 2023, Li Auto witnessed varying degrees of decline in all three indicators. Its current ratio dropped to 1.57 and its quick ratio to 1.48. Although it still outperformed NIO and XPeng, the advantage was not particularly significant.

(2) Long-term debt-paying ability

The asset-liability ratio = total liabilities ÷ total assets. This indicator reflects how much of the total assets of an enterprise is funded through liabilities. The higher the asset-liability ratio is, the greater the proportion of a company's liabilities to its assets will be, and the higher the financial risk will be. Conversely, the lower it is, the less dependent the enterprise is on debt and the

relatively more stable its financial situation is. As can be seen from Figure 3, from the overall trend perspective, the asset-liability ratio of Li Auto Company has experienced certain fluctuations. The significant decline from 2019 to 2020 indicates that Li Auto may have successfully optimized its capital structure and reduced its long-term debt repayment pressure during this period. However, the debt-to-asset ratio rose again from 2020 to 2023, indicating that Li Auto may have increased its debt financing during business expansion, leading to an increase in financial leverage and a potential rise in debt repayment risk.

Figure 3.The Changes in the Long-Term Debt-Paying Ability Indicators of Li Auto

The equity ratio = total liabilities ÷ Total owner's equity. The equity ratio measures whether the financial structure of an enterprise is reasonable and reflects the degree to which the capital invested by creditors is protected by the owner's equity. A lower equity ratio indicates that the enterprise's own funds provide a higher degree of protection for debts and its long-term debt-paying ability is relatively strong. The equity ratio also shows fluctuating changes. The equity ratio gradually decreased from 2019 to 2020, indicating that Li Auto Company was reducing its financial leverage, enhancing financial stability, and improving the protection of creditors' rights and interests. However, the increase in the equity ratio from 2020 to 2023 indicates that Li Auto has raised the proportion of debt financing again, thereby increasing its financial risks.

It can be seen from Table 7 that during the period from 2019 to 2023, the asset-liability ratio of Li Auto Company decreased by a similar extent to that of XPeng in the early stage. However, in the later stage, the increase rate of Li Auto Company was relatively slow, indicating that it had a better control over debt financing. Compared with NIO, it has remained at a relatively low level, indicating that its asset structure is more stable, its long-term debt repayment risk is lower than that of NIO, and its financial situation is more secure.

During the period from 2019 to 2023, the equity ratio of Li Auto Company fluctuated. Compared with XPeng, the initial gap is relatively large and the gap still exists in the later stage, indicating that the degree of reliance on debt financing is lower than that of XPeng. Compared with NIO, its equity ratio is much lower than that of NIO, which means that when using debt

financing, Li Auto Company relies on more equity capital protection, has a better long-term debt-paying ability and lower financial risk.

Overall, the performance and changes of Li Auto's asset-liability ratio and equity ratio during the period from 2019 to 2023 demonstrate that it has certain advantages and stability in terms of long-term debt-paying ability. In the early stage, the enterprise focuses on optimizing the capital structure and reducing the debt risk. In the later stage, although the debt moderately increases during the business expansion process, it can still maintain a relatively reasonable debt level, and the equity ratio is also within a controllable range. This provides strong support for the long-term stable development of the enterprise.

Table 7. Long-term Debt-paying Ability Indicators of Li Auto and its Peer Companies

Indicator	Enterprise	2023	2022	2021	2020	2019
Asset-liability ratio	Li Auto	57.78	47.78	33.61	18.06	51.85
	NIO	74.79	71.28	54.08	41.69	133.07
	XPENG	56.84	48.37	35.80	22.99	69.05
Property rights ratio	Li Auto	1.38	0.92	0.51	0.22	1.08
	NIO	3.44	2.87	1.29	0.84	-3.08
	XPENG	1.32	0.94	0.56	0.30	2.23

4.3.2. Profitability Analysis

Return on net assets = (Net profit ÷ average net assets) ×100%. As can be seen from Figure 4, the return on net assets of Li Auto Company was -66.05% in 2019. In the following years, it was basically in a state of loss or low profit, and rebounded to 22.29% in 2023. It is indicated that the utilization efficiency of the capital invested by shareholders of Li Auto Company was relatively low in the early stage. After several years of development and adjustment, the operational efficiency of assets has gradually improved, which can bring better returns to shareholders.

Net profit margin on sales =(Net profit/Sales revenue)×100%. In 2019, Li Auto's net profit margin on sales was -857.53%. Subsequently, it remained negative from 2020 to 2022 with fluctuating losses until it turned positive at 9.53% in 2023. This indicates that Li Auto Company has undergone a relatively long period of adjustment in the balance between cost and revenue, and eventually achieved a transformation towards profitability.

Gross profit margin on sales = (Gross profit on sales/Sales revenue) ×100%. As can be seen from Figure 4, the sales gross profit margin of Li Auto Company started from -0.03% in 2019, rose to 16.38% in 2020, further increased to 21.33% in 2021, slightly dropped to 19.41% in 2022, and rebounded to 22.2% in 2023. Overall, the gross profit margin of sales shows a fluctuating

upward trend, indicating that Li Auto Company has gradually enhanced the profitability of its products.

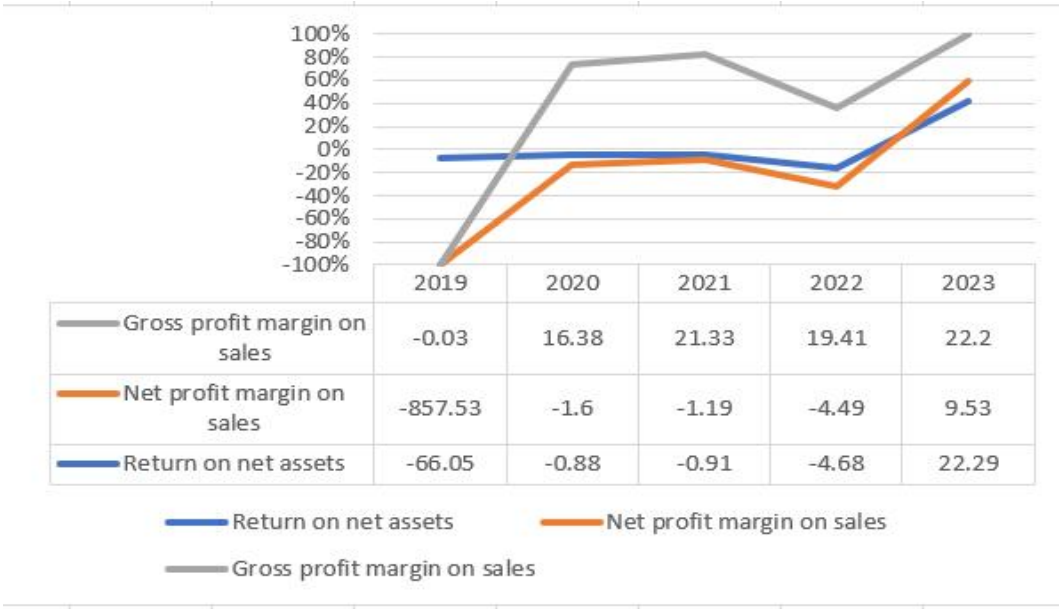


Figure 4. The Changes in the Main Profitability Indicators of Li Auto

Table 8. Main Profitability Indicators of Li Auto and its Peer Companies

Indicator	Enterprise	2023	2022	2021	2020	2019
Gross profit margin on sales	Li Auto	22.20	19.41	21.33	16.38	-0.03
	NIO	5.49	10.44	18.88	11.52	-15.32
	XPENG	1.47	11.50	12.50	4.55	-24.05
Net profit margin on sales	Li Auto	9.53	-4.49	-1.19	-1.60	-857.53
	NIO	-37.25	-29.30	-11.12	-32.62	-144.36
	XPENG	-33.82	-34.03	-23.17	-46.75	-159.04
Return on net assets	Li Auto	22.29	-4.68	-0.91	-0.88	-66.05
	NIO	-85.59	-49.71	-34.17	-53.77	-4,247.88
	XPENG	-28.33	-23.12	-12.70	-14.65	-96.42

It can be seen from Table 8 that during the period from 2019 to 2023, the sales gross profit margin of Li Auto Company showed a relatively stable upward trend, gradually rising from -0.03% in 2019 to 22.2% in 2023. Although NIO's gross profit margin on sales also rose, the increase was relatively moderate, from -15.32% to 5.49%. Xiaopeng's gross profit margin on sales fluctuates sharply and remains at a relatively low level overall. It was -24.05% in 2019 and

only 1.47% in 2023. This indicates that Li Auto Company can retain a relatively large gross profit margin when selling products.

During the period from 2019 to 2023, the net profit margin on sales of Li Auto Company fluctuated greatly. It was -857.53% in 2019, -4.49% in 2022, and rebounded to a positive value of 9.53% in 2023. Li Auto achieved its first annual profit, becoming the first new energy vehicle company among the "NIO, XPeng and Li Auto" trio to make a profit. Nio has remained in the negative range, from -144.36% in 2019 to -37.25% in 2023. Xiaopeng also mostly showed negative values, ranging from -159.04% in 2019 to -33.82% in 2023.

The return on equity of Li Auto Company has significantly increased from -66.05% in 2019 to 22.29% in 2023, indicating a considerable improvement in its ability to generate profits by leveraging the assets invested by shareholders. Nio's return on equity fluctuated between -4,247.88% and -85.59%, remaining at an extremely low negative level. Xiaopeng's return on net assets fluctuated from -96.42% to -28.33%, also remaining in a relatively low loss state. Li Auto Company has achieved good results in terms of asset operation efficiency, profit formation mechanism or capital structure optimization, and has great development potential.

Overall, Li Auto outperforms NIO and XPeng in three key profitability indicators: gross profit margin on sales, net profit margin on sales, and return on net assets. However, it is still necessary to pay attention to the stability of each indicator and the potential for continuous improvement.

4.3.3. Operational Capacity Analysis

Inventory turnover times = operating costs ÷ average inventory balance. As can be seen from Figure 5, the inventory turnover rate of Li Auto Company fluctuated significantly from 2019 to 2021. It reached a relatively high value of 15.94 in 2021 and then dropped sharply to 8.67 in 2022. This might imply that in 2021, Li Auto's inventory management efficiency was relatively high, enabling it to quickly convert inventory into sales revenue. However, later on, there might have been inventory overstock or adjustments in sales strategies, resulting in a slowdown in inventory turnover.

Current asset turnover ratio (times) = Net main business income/average total current assets. The current asset turnover rate of Li Auto Company has generally shown an upward trend, rising from 0.08 in 2019 to 1.36 in 2023, indicating that the company's utilization efficiency of current assets is gradually improving. This might be achieved through measures such as strengthening the recovery of accounts receivable, optimizing inventory management or improving the efficiency of fund utilization.

Total asset turnover ratio (times)= Net operating income ÷ average total assets. The total asset turnover ratio of Li Auto Company has shown a significant upward trend from 2019 to 2023, increasing from 0.04 to 1.08, which indicates a substantial improvement in the overall asset operation efficiency of the company. Li Auto Company may have achieved efficient utilization of total assets by expanding production scale, optimizing asset allocation or improving sales performance, etc.

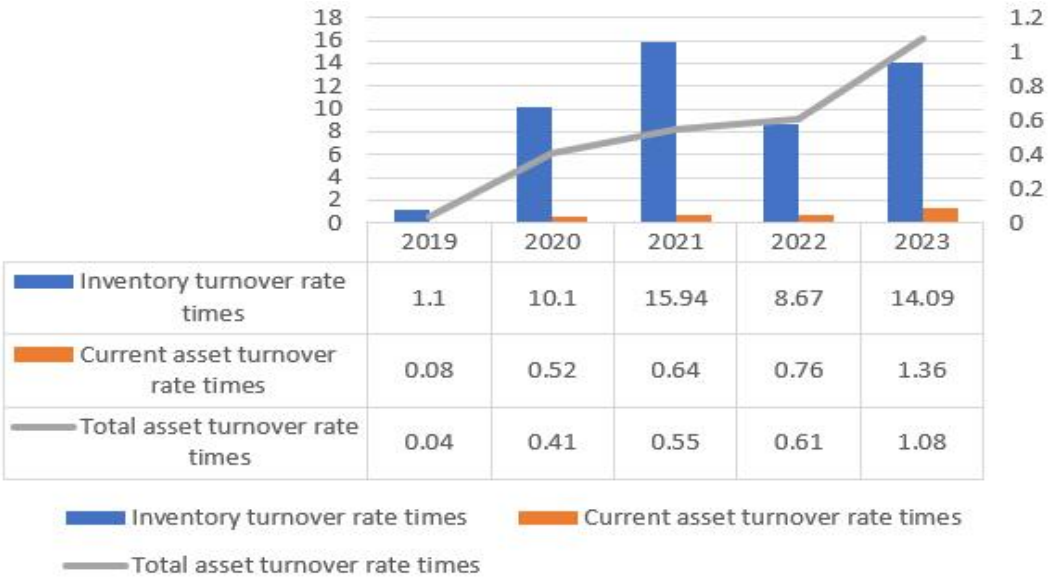


Figure 5. The Changes in the Main Operating Capacity Indicators of Li Auto

As can be seen from Table 9, compared with NIO, Li Auto's inventory turnover rate in 2022-2023 was higher than that of NIO. This means that Li Auto's efficiency in inventory management was better than that of NIO in some years, but it was lower than that of NIO from 2019 to 2021. Therefore, it is also necessary to pay attention to whether the future trend will continue to improve or deteriorate. Compared with XPeng, except for 2019, Li Auto's inventory turnover rate has remained at a relatively high level, indicating that it may have more advantages in inventory management and be able to convert inventory into sales revenue more quickly.

Table 9. Main Operating Capacity Indicators of Li Auto and its Peer Companies

Indicator	Enterprise	2023	2022	2021	2020	2019
Inventory turnover rate times	Li Auto	14.09	8.67	15.94	10.10	1.10
	NIO	7.81	8.61	18.68	14.60	7.66
	XPENG	6.02	6.62	9.17	6.21	9.24
Current asset turnover rate times	Li Auto	1.36	0.76	0.64	0.52	0.08
	NIO	0.86	0.80	0.66	0.64	0.92
	XPENG	0.63	0.58	0.47	0.26	0.42
Total asset turnover rate times	Li Auto	1.08	0.61	0.55	0.41	0.04
	NIO	0.52	0.55	0.53	0.47	0.47
	XPENG	0.39	0.39	0.38	0.22	0.27

Compared with NIO, Li Auto's current asset turnover ratio was lower than that of NIO from 2019 to 2022. However, since 2022, it has been catching up with NIO, and by 2023, its advantage has further expanded. This might imply that Li Auto has made effective adjustments in its asset operation strategy, enabling it to gradually catch up with and surpass NIO in generating sales revenue through current assets. Compared with XPeng, except for 2019, Li Auto has consistently outperformed XPeng, indicating that it is superior to XPeng in terms of asset utilization efficiency and can more effectively utilize current assets to drive business development.

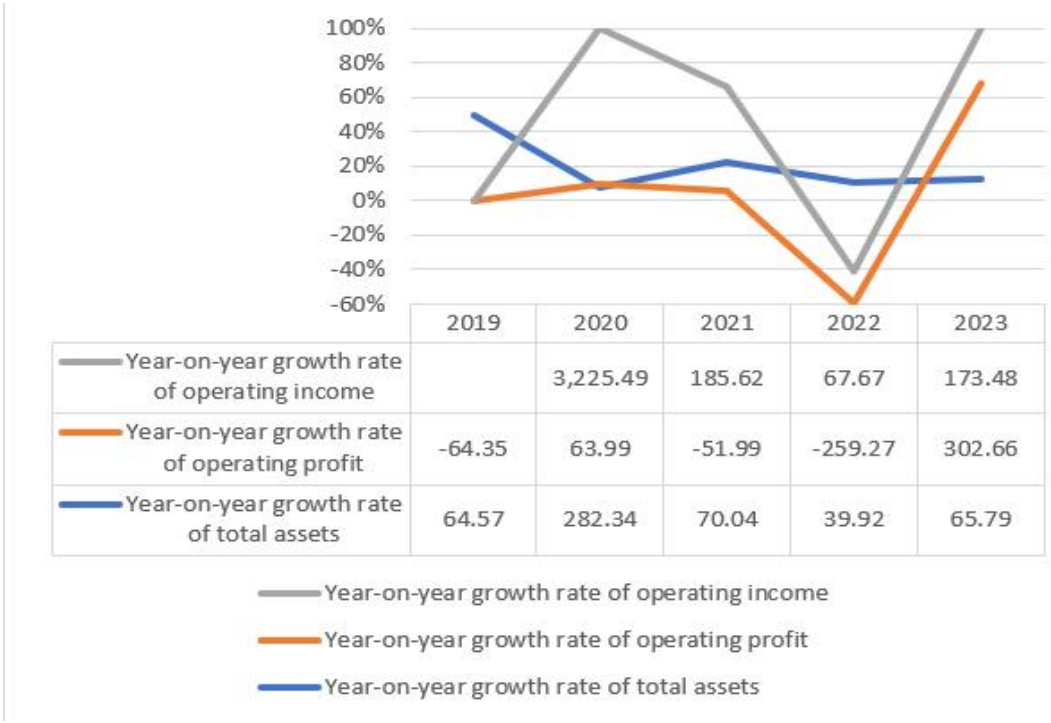
The total asset turnover rate of Li Auto was slightly lower than that of NIO in 2019-2020, but exceeded that of NIO in 2021-2023. Compared with XPeng, Li Auto has always outperformed it, indicating that in the entire industry, Li Auto has a stronger ability to generate revenue by leveraging assets.

To sum up, Li Auto Company has shown positive development trends in inventory turnover rate, current asset turnover rate and total asset turnover rate. Moreover, when compared with its peers, it has also demonstrated certain advantages.

4.3.4. Analysis of Growth Ability

The year-on-year growth rate of total assets = (Total assets of the current year - previous year)/Total assets of the previous year. From 2019 to 2023, the year-on-year growth rate of total assets of Li Auto Company has generally shown certain fluctuations. After a relatively high growth in 2020, it remained at a relatively stable level from 2021 to 2023.

The year-on-year growth rate of operating profit = (operating profit of the current year - previous year)/Operating profit of the previous year. It can be seen from Figure 6 that the year-on-year growth rate of operating profit of Li Auto Company fluctuates sharply. From 2019 to 2022, there were multiple negative growth periods. This was because Li Auto Company was in a stage of rapid development and product layout during this period. To enhance the competitiveness of its products, it invested a large amount of funds in technological research and development. In the early stage of capacity construction, the capacity utilization rate was relatively low and the allocation of fixed costs was relatively high, which affected the profit level. During the period from 2019 to 2020, Li Auto mainly relied on the Li ONE model, which had a relatively narrow market coverage. In 2023, it increased significantly to 302.66%. This is because in 2023, Li Auto Company launched multiple models to meet the needs of different consumers. With the rapid growth in sales and the expansion of production scale, fixed costs were more effectively allocated, unit costs were reduced, and profit growth was promoted.



	2019	2020	2021	2022	2023
Year-on-year growth rate of operating income		3,225.49	185.62	67.67	173.48
Year-on-year growth rate of operating profit	-64.35	63.99	-51.99	-259.27	302.66
Year-on-year growth rate of total assets	64.57	282.34	70.04	39.92	65.79

Figure 6. The Changes in the Main Operating Capacity Indicators of Li Auto

The year-on-year growth rate of operating income = (operating income of the current year - previous year)/Operating income of the previous year. As can be seen from Figure 6, the year-on-year growth rate of Li Auto's operating income fluctuated significantly from 2019 to 2023. In 2020, there was an extremely high growth rate of 3,225.49%, because with the improvement of the production and delivery system, the delivery volume of new vehicles increased significantly and major breakthroughs were made in market expansion. The growth rate fluctuated from 2021 to 2023, but remained at a relatively high level overall, reflecting the company's continuous efforts and development in products, markets and other aspects.

As can be seen from Table 10, from 2020 to 2023, the year-on-year growth rate of operating income of Li Auto Company was higher than that of NIO, indicating its advantages in market expansion or product appeal. From 2020 to 2023, Li Auto's growth rate was higher than that of XPeng on many occasions, indicating that it is in a relatively favorable position in the competition for market share.

Both Li Auto and NIO experienced ups and downs in profit growth between 2019 and 2023. In 2023, Li Auto achieved a high growth rate (302.66%), NIO's was -44.85%, and XPeng's operating profit was in a negative growth state for most of the years from 2019 to 2023. This reflects that Li Auto has adopted more effective strategies to improve its profits.

The year-on-year growth rate of total assets of Li Auto Company is generally higher than that of NIO, indicating that Li Auto Company may be more enthusiastic about asset expansion than NIO. It may invest more resources in market expansion and production scale expansion, in the hope of obtaining a larger market share and profits. In most years, the year-on-year growth rate of total assets of Li Auto Company was relatively close to that of XPeng. However, Li Auto Company's subsequent relatively stable growth indicates that it has certain strategies and rhythms

in asset expansion and management, and is more capable of effectively utilizing assets to achieve business growth than XPeng.

Table 10. Growth Capacity Indicators of Li Auto and its Peer Companies

Indicator	Enterprise	2023	2022	2021	2020	2019
Year-on-year growth rate of operating income	Li Auto	173.48	67.67	185.62	3,225.49	-
	NIO	12.89	36.34	122.27	107.77	58.04
	XPENG	14.23	27.95	259.12	151.78	23,815.30
Year-on-year growth rate of operating profit	Li Auto	302.66	-259.27	-51.99	63.99	-64.35
	NIO	-44.85	-247.86	2.42	58.41	-15.46
	XPENG	-25.09	-32.31	-53.23	-13.57	-123.09
Year-on-year growth rate of total assets	Li Auto	65.79	39.92	70.04	282.34	64.57
	NIO	21.94	16.14	51.68	274.72	-22.61
	XPENG	17.72	8.90	46.85	383.25	20.57

To sum up, Li Auto's revenue growth rate has consistently led NIO and XPeng in 2022-2023, confirming the market appeal of its extended-range technology route and precise targeting of family users. Despite the industry generally facing profit fluctuations, Li Auto achieved a high profit growth of 302.66% in 2023, in sharp contrast to NIO (-44.85%) and XPeng (with continuous negative growth), highlighting the effectiveness of its profit model. In terms of the asset expansion strategy, the company maintains an active pace (the growth rate of total assets has exceeded that of NIO in most years), laying a solid foundation for its long-term leadership in the new energy vehicle sector.

4.4. Prospect Analysis

4.4.1. Development Prospect Forecast

In the next three to five years, Li Auto believes that the biggest variable will come from artificial intelligence, especially AI-based intelligent driving and intelligent assistants. Since July, its full-stack self-developed end-to-end +VLM new-generation intelligent driving solution has been rapidly iterated, with the scale of training data continuously expanding and the average takeover mileage significantly increasing. With the continuous advancement of technology and the accumulation of data, it is expected to maintain a leading position in the field of intelligent driving, providing users with a higher-level autonomous driving experience and thereby enhancing the competitiveness of products.

Li Auto will launch three pure electric SUVs in the first half of 2025 and is committed to addressing issues such as the appearance of the mega pure electric product to meet consumers' expectations for high-end pure electric models. Meanwhile, the company will continue to vigorously accelerate the layout of the charging network. It has opened and operated over 1,000 supercharging stations of Li Auto Company, equipped with 4,888 supercharging piles, covering many places across the country. With the development of pure electric technology and the improvement of charging facilities, its share in the pure electric market is expected to gradually increase.

At present, Li Auto has established after-sales service systems in multiple countries and regions including Kazakhstan, and plans to take the Middle East and Central Asia as its first export target markets, gradually exploring other markets with high growth potential to achieve a broader global layout. The expansion of overseas markets will bring new growth opportunities to Li Auto Company and enhance its share and reputation in the global new energy vehicle market.

4.4.2. Future Risk Prediction

With the continuous heating up of the new energy vehicle market, more and more enterprises are flocking in. Not only are traditional automakers accelerating their transformation to new energy vehicles, but also numerous new force brands are constantly emerging. The increase in competitors has made the competition for market share more intense. Li Auto may face the risk of its market share being eroded. For instance, the outstanding performance of competing models such as the Askui M9 in the high-end market has had a certain impact on the market share of Li Auto's L789.

In addition to the existing technical routes such as pure electric and extended-range electric, new technological alternative solutions may also emerge in the field of new energy vehicles. For instance, if hydrogen fuel cell technology and others achieve major breakthroughs in the future and are commercially applied on a large scale, it may pose a threat to Li Auto's current technological route and product layout.

Li Auto has long positioned itself as a luxury smart electric vehicle brand. However, with the intensification of market competition and changes in product structure, its high-end brand positioning may face the risk of being lost. If the sales share of the L6 model increases in 2024, it will lower the average selling price of the overall product, while the market share of the more expensive L789 model is declining. This may affect the brand's high-end image in the minds of consumers.

5. Research Results

5.1. Strategic Aspect

5.1.1. Failure in the Pure Electric Transformation and Insufficient Product Innovation

The first pure electric model of Li Auto, MEGA, failed to achieve the expected goal of transforming into the pure electric vehicle market due to strategic positioning deviation and

insufficient product strength. Its starting price is as high as 500,000 yuan, far exceeding the mainstream pure electric vehicle market range of 300,000 to 400,000 yuan. The target customer group is high-net-worth families. However, this group has doubts about the range anxiety and charging convenience of pure electric models, and their actual demand is limited. Ideal has long relied on the extended-range technology route, which has led to the lagging construction of the charging network for pure electric models. Users are facing the predicament of "having a car but no charging station", further amplifying range anxiety. In addition, the MEGA's aggressive front face with continuous light strips and fastback design conflicts with the traditional aesthetic of family cars. Negative labels such as "coffin car" on social media have seriously weakened the purchase intention.

The brand's product strategy has exposed its reliance on the extended-range path, and there is a lack of innovation in pure electric models. From the extended-range series L6-L9 to the pure electric series M789, the excessive pursuit of family design has led to product homogenization. The front face similarity between MEGA and L9 reaches 80%, and it is jokingly called the "pure electric version of L9", falling into the "nested doll" predicament. This strategy aimed at reducing R&D costs, although maintaining brand recognition in the short term, has led to consumer aesthetic fatigue, resulting in insufficient market enthusiasm for new products. Ideal urgently needs to reconstruct the differentiated competitiveness of pure electric products, and at the same time improve the energy replenishment system and design innovation in order to break through the bottleneck of transformation.

5.1.2. Aggressive Strategic Goals and Out-of-Control Perational Structure.

Li Auto has set a sales target of 800,000 units for 2024, doubling that of 376,000 units in 2023 and far exceeding the industry's expected growth rate of 25% to 30%, revealing its overly aggressive strategy. Its core price range (300,000 to 500,000 yuan) only accounts for 15% of the new energy vehicle market. Its goal is to monopolize 90% of the niche market, which is contrary to the competitive logic of NIO and XPeng. In terms of production capacity, the upper limit of the Changzhou factory is 600,000 vehicles. The quality control risk of the contract manufacturing model is high, and the construction period of the self-built factory is as long as 18 months, making it difficult to fill the gap. The channel carrying capacity is also insufficient. 400 stores need to achieve an annual sales volume of 2,000 vehicles per store, far exceeding the industry benchmark level, and the pressure for network expansion is huge.

Radical goals have triggered a chain of runaway operations in the operational system. The production end has adopted a "three-shift system" to boost sales volume, leading to a rise in equipment failure rates. In the first quarter of 2024, complaints about delayed delivery due to production line debugging soared. The supply chain's "price-cutting rush" has led to resistance from suppliers, with second-tier manufacturers passing off inferior goods as good ones. Quality control issues such as abnormal noises from the 2024 L series seats and lagging infotainment systems have emerged in a concentrated manner. The sales side has overdrawn the brand value to achieve the target. The starting price of the L7 has been reduced to 280,000 yuan. The loss of focus on the high-end positioning has caused dissatisfaction among old users, and the residual value rate of used cars has dropped by 15%. During the wild expansion of distribution channels,

the review of dealers was relaxed. Some stores illegally promised a "7-day no-reason return", which led to a doubling of the number of delivery disputes and customer complaints year-on-year. Under the pressure of sales volume, Li Auto Company has fallen into a triple predicament of quality, reputation and profit.

5.2. Accounting Aspects

5.2.1. The Afficiency of Fund Utilization is Low

The monetary funds of Li Auto Company witnessed an explosive growth from 2019 to 2023. The company's monetary funds soared from 1,296,215 thousand yuan to 91,329,030 thousand yuan, an increase of nearly 70 times. In 2023, the proportion of cash and cash equivalents was as high as 88.6%. Although sufficient cash reserves enhance short-term liquidity security, excessive cash holdings reflect the company's conservatism in capital allocation. A large amount of funds have been deposited in bank accounts in the form of low returns, failing to be effectively transformed into high-return assets or strategic investments, resulting in the overall asset return rate of enterprises remaining persistently low. This phenomenon of "cash hoarding" not only occupies a large amount of financial resources, but also indirectly weakens the company's ability to enhance its competitiveness through capital operations.

The proportion of cash to total assets is abnormally high, while the proportion of capital allocation in core areas such as R&D investment and capacity expansion is relatively low. This unbalanced capital structure not only reduces the overall income-generating capacity of assets, but also raises shareholders' doubts about the efficiency of fund utilization. Due to the fact that a large amount of cash has not been returned to shareholders through dividends, share repurchases and other means, nor has it been transformed into the driving force for business growth, the earnings per share of the enterprise is seriously disconnected from the cash holdings, resulting in the dilution of shareholder value. In the long term, this inefficient allocation of funds may undermine investor confidence and affect the company's valuation level in the capital market.

5.2.2. Excessive Reliance on Short-Term Debt.

From 2020 to 2023, Li Auto's accounts payable and notes payable soared from 3,160,515 thousand yuan to 51,870,097 thousand yuan. Among them, the accounts payable and notes due within three months in 2023 reached 45,079,655 thousand yuan, accounting for 86.9% of the total debt payable. However, the long-term payables for more than one year were only 98,359,000 yuan (accounting for 0.19%). This "short-term loan and long-term investment" model has led the company to face concentrated repayment pressure. If sales collection is delayed or financing channels are tightened, it may trigger a liquidity crisis. The amount payable for raw materials accounted for 67.2% of the total accounts payable (34,839,546 thousand yuan in 2023), reflecting the company's high dependence on suppliers of core components such as batteries and motors. If suppliers tighten the payment terms or require advance payments, they may be forced to make large sums of money in advance, further intensifying the pressure on cash flow. The proportion of accounts payable due within three months in 2023 exceeded 86%, higher than that of NIO and

XPeng during the same period, highlighting Li Auto's disadvantaged position in supply chain negotiations.

Although the explosive growth of Li Auto's short-term debt has supported business expansion, the imbalanced debt structure, weak supply chain bargaining power and high industry volatility are intertwined, forming a vicious cycle of "short-term debt - high leverage - low elasticity". If the debt management strategy is not optimized in a timely manner, the liquidity crisis and the risk of technological iteration may resonate, threatening the long-term stable development of the enterprise.

5.3. Financial Dimension

5.3.1. The Long-Term Debt Repayment Pressure has Risen

In 2023, Li Auto's debt-to-asset ratio rose from 47.78% to 57.78%, and its equity ratio increased from 0.92 to 1.38, indicating that the company supported capacity expansion and market expansion through large-scale borrowing. Although the current debt level is still lower than that of NIO (74.79%), the rapid growth of long-term borrowings and accounts payable may lead to an increased interest burden. Although the net profit margin on sales turned positive to 9.53% in 2023, the price war in the industry and cost pressure continued to squeeze the profit margin, which further weakened the debt-paying ability. Moreover, the new energy vehicle industry requires continuous investment in technological research and development. However, the industry is significantly affected by policy adjustments (such as the reduction of subsidies), technological iterations, and fluctuations in raw material prices (such as the rise and fall of lithium prices). If market demand falls short of expectations, high debt may trigger risks of asset impairment or idle production capacity.

Furthermore, if the asset-liability ratio exceeds the warning line of 60%, the rating agency may downgrade the credit rating. Take NIO as an example. Its debt-to-asset ratio of 74.79% has led to a Moody's rating of "B2" (junk level), and its financing cost is higher than that of Li Auto. If the rating of Li Auto Company is downgraded, it will further increase the difficulty of financing. Meanwhile, the high debt ratio has also compressed the company's flexibility in responding to industry changes. For instance, if one needs to quickly shift to the pure electric route or acquire key technology enterprises, the pressure of debt repayment may limit the space for capital operation and miss strategic opportunities.

5.3.2. Inventory Management Fluctuates Significantly

From 2020 to 2022, the total inventory of Li Auto soared from 1,048,004 thousand yuan to 7,163,294,000 yuan, an increase of 584%. Among them, the inventory of manufactured goods and raw materials increased simultaneously (in 2022, the inventory of manufactured goods was 4,019,010 thousand yuan, and that of raw materials and work-in-progress was 3,144,284 thousand yuan). This phenomenon reveals a serious disconnection between Li Auto's production plans and market demands. In 2022, the inventory turnover rate dropped sharply to 8.67 times, far below the industry average (for instance, NIO's was 8.61 times during the same period), indicating that inventory overstock has led to a deterioration in asset liquidity. To cope with the price fluctuations of core raw materials such as batteries, the company may have adopted an aggressive

purchasing strategy. However, the actual demand has not met expectations, resulting in an excessively high proportion of funds occupied by raw materials. Although the inventory slightly decreased to 6,940,885,000 yuan in 2023 and the turnover rate rebounded to 14.09 times, the inventory scale was still at a high level, and there was a potential risk of inventory depreciation caused by technological iteration.

5.3.3. Insufficient Endogenous Growth Momentum

The growth capacity of Li Auto Company is confronted with the dual constraints of insufficient internal driving force and excessively high market concentration. On the one hand, asset expansion overly relies on external financing rather than cash flow generated from operating activities. This model exposes the weakness of the enterprise's endogenous profitability. Although financing provides support for short-term liquidity, excessive reliance on external blood transfusion may mask operational efficiency problems and intensify the dependence on the capital market. Once the financing environment tightens or investors' expectations change, the company may face pressure on the capital chain and thus be forced to adjust the strategic pace. On the other hand, the company's revenue is highly dependent on extended-range models (such as the Li Auto ONE and L series), with the revenue share of a single model exceeding 80% in 2023. Meanwhile, the domestic market contributes over 95% of the revenue, while the expansion of overseas markets is slow. This centralized model leads to insufficient risk resistance. If the policy is adjusted and competitors launch homogeneous products, it may directly impact the core revenue.

5.4. Prospects

5.4.1. Intensified Market Competition and Threat From the High-End Market

The current Chinese new energy vehicle market has entered a highly competitive stage, and Li Auto Company is facing unprecedented multi-dimensional challenges. Traditional luxury car manufacturers are accelerating their transformation by relying on their profound industrial accumulation. These century-old car companies not only have mature supply chain systems and brand premium capabilities, but also rapidly iterate electrification technologies through their global R&D networks. Their nationwide 4S store networks and financial service systems have a strong appeal to high-end consumers who value service experience. Meanwhile, cross-industry competitors are reshaping the industry landscape. Technology enterprises represented by Xiaomi SU7 have launched a fierce offensive by taking advantage of the technological gap in the field of intelligence. These new forces have been continuously capturing market attention through their fully self-developed intelligent driving systems, revolutionary human-vehicle interaction experiences, and user operation models dominated by Internet thinking.

5.4.2. Policy Changes are Severe and Profit Margins are Limited

The policy-oriented characteristics of China's new energy vehicle industry are becoming increasingly prominent. Li Auto Company is currently facing three policy shock waves: "subsidy reduction, stricter regulations, and standard iteration". In 2023, the national subsidy policy has been comprehensively reduced by 30%, with a particularly significant impact on high-end models priced between 300,000 and 500,000 yuan. This forces enterprises to either pass on costs or absorb them on their own. The former will weaken price competitiveness, while the latter will

directly erode profit margins. What is even more serious is that core markets such as Beijing and Guangzhou have clearly stated that starting from 2024, they will cut the purchase quotas for hybrid models by 40%. Shanghai has even removed plug-in hybrid models from the free green license plate category. This poses a precise blow to Li Auto, where the proportion of extended-range technology routes exceeds 80%.

6. Discussion

6.1. Theoretical Contributions

6.1.1. Validation of the Applicability of the Harvard Framework in the New Energy Vehicle Industry

This study verified the applicability and effectiveness of the Harvard analytical framework in the new energy vehicle industry by applying it to the financial analysis of Li Auto Company. Traditional financial analysis mostly focuses on static financial data and is difficult to comprehensively reflect the comprehensive competitiveness of new energy vehicle enterprises with rapid technological iteration and strong policy dependence. This study conducts a systematic analysis from four dimensions: strategy, accounting, finance, and prospects, revealing the core issues of Li Auto Company in aspects such as pure electric transformation, fund management, and debt structure, and putting forward targeted suggestions. This practice not only enriches the application cases of the Harvard Analytical framework in the field of new energy vehicles, but also proves that it can effectively integrate industry characteristics with enterprise financial performance, providing a referenceable paradigm for the financial analysis of similar enterprises.

6.1.2. The Supplementary Value of Non-Financial Information to Financial Analysis

This study emphasizes the crucial role of non-financial information (such as policy changes, technological innovations, and market competition) in financial analysis. For instance, policy factors: By analyzing the impact of subsidy reduction, purchase restrictions and other policies on the profit margin and strategic adjustments of Li Auto Company, it reveals how policy changes are transmitted to financial performance through accounting items. Technical factors: This paper explores the dynamic impact of the competitive situation between the extended-range technology and the pure electric technology route on Li Auto's R&D investment and asset turnover rate, and explains the financial risks that may be triggered by technological iteration (such as inventory depreciation). Market factors: By combining Porter's Five Forces Model and SWOT analysis, the squeezing effect of intensified market competition on the gross profit margin of sales and the growth rate of revenue was quantified.

The in-depth integration of some non-financial information has broken through the limitation of traditional financial analysis that only relies on historical data, providing investors and managers with more forward-looking decision-making basis. At the same time, it has also expanded a new perspective for the application of financial analysis theory in the dynamic industry environment.

6.2. Practical Implications

6.2.1. Conduct In-Depth Market Research and Set Reasonable Goals

It is suggested that the company conduct in-depth research on the market demand for pure electric vehicles, re-evaluate the positioning of pure electric products, and re-evaluate and adjust aspects such as the positioning, pricing, and configuration of pure electric models. Optimize the market strategy and pricing of the MEGA model to avoid being overly niche. At the same time, pay attention to the innovation and uniqueness of the product's appearance design, and improve the appearance design to enhance its appeal. In terms of product design, we should avoid the "nested" mentality, promote diversified development, launch differentiated models for different market segments, and enhance technological innovation, focus on user needs, and rapidly iterate and optimize products.

In addition, the company needs to formulate practical and feasible strategic goals, adjust sales expectations based on actual market conditions, and advance the goals in stages to avoid operational loss of control due to overly high goals. While pursuing sales volume, attention should be paid to user experience and service quality, the product operation rhythm should be optimized, new product launches should be rationally planned, and resources should be concentrated to create core best-selling models.

In terms of internal operations, it is necessary to optimize the organizational structure, enhance efficiency, increase investment in research and development, strengthen technological advantages, respond flexibly to policy changes, explore diversified profit models such as charging services and software subscriptions, and gradually expand overseas markets to diversify risks and enhance brand premium capacity and long-term competitiveness. Through the above measures, Li Auto Company can gradually solve the current problems, smoothly transform its pure electric strategy, and maintain stable development in the fierce market competition.

6.2.2. Optimize Capital Allocation and Balance the Capital Structure

Li Auto Company can rationally plan the scale of its cash reserves and avoid an overly conservative "cash hoarding" strategy. Under the premise of ensuring liquidity security, some redundant funds should be invested in high-potential strategic areas, such as technological research and development, capacity upgrading or expansion into emerging markets, to promote the transformation of funds into high-return assets. For instance, targeted investment in core links such as intelligent driving and battery technology can be explored, or industrial chain resources can be integrated through mergers and acquisitions to transform idle funds into long-term competitiveness. In addition, flexible financial planning models can be introduced to dynamically adjust the proportion of cash reserves according to industry cycles and technological trends. For instance, increase investment in research and development during the critical period of technological iteration, and give priority to ensuring funds for capacity building during the stage of market expansion. At the same time, explore short-term financial management or low-risk investment tools to enhance capital returns while maintaining liquidity and alleviate the pressure of low asset return rates.

In response to the abnormally high proportion of cash in total assets, it is necessary to optimize the priority of capital allocation. Appropriately increase the budget proportion for research and development and capacity expansion, and at the same time, reward shareholders through dividends, stock repurchases and other means to narrow the disconnection between cash holdings and shareholder returns. This move can not only enhance the efficiency of fund utilization, but also boost investor confidence and avoid valuation discounts caused by inefficient allocation.

6.2.3. Improve the Debt Structure and Establish an Early Warning Mechanism

Li Auto Company should gradually reduce its reliance on short-term notes payable. It can issue 3-5 year bonds to replace some high-interest short-term notes and accounts payable, reducing the proportion of debts due within 3 months to below 70% and extending the average debt repayment cycle, thereby alleviating short-term liquidity pressure. And keep the asset-liability ratio within a reasonable range for the industry, avoid excessive leverage, and at the same time give priority to repaying high-interest debts to reduce financial costs. In addition, in light of the characteristics of the new energy industry, one can also apply for policy-supported financing such as green credit and carbon neutrality bonds. Utilize supply chain financial tools to activate accounts payable and optimize the capital turnover efficiency of upstream and downstream. Meanwhile, strengthen cooperation with core suppliers, negotiate the extension of the accounts payable period, and balance the release of cash flow and the maintenance of supplier relationships.

Li Auto Company can establish an emergency debt repayment fund to deal with sudden repayment demands and enhance financial resilience. By regularly assessing key indicators such as the current ratio and the quick ratio, setting warning thresholds, and establishing a dynamic debt repayment early warning mechanism, the structure of current assets and current liabilities is adjusted in a timely manner according to market changes and the development of the company's business. Set reasonable matching targets for current assets and current liabilities, regularly assess the deviation between actual indicators and targets, and adjust the fund arrangement in a timely manner.

6.2.4. Strengthen Inventory Management and Accelerate the Collection of Receivables

Li Auto Company can introduce sales forecasting models based on big data and artificial intelligence to track market orders, consumer preferences and the dynamics of competing products in real time, and dynamically adjust production plans. For instance, the "production on demand" model was implemented for the finished goods inventory in 2023, reducing the production cycle to within 30 days to prevent inventory overstock caused by misjudgment of demand. In addition, Li Auto Company can sign long-term price lock-in agreements or floating pricing terms with core suppliers to hedge against the price fluctuation risks of key raw materials such as batteries. An inventory technology obsolescence early warning mechanism can be established. For inventories close to the technology iteration cycle (such as parts adapted to old models), promotion plans or leasing businesses (such as targeted placement in the shared mobility market) can be initiated in advance. Meanwhile, explore models such as battery secondary utilization and remanufacturing of components to revitalize the value of unsold inventory.

Li Auto Company can integrate the production capacity of idle or inefficient production equipment and introduce intelligent production lines to optimize the production scheduling efficiency. For instance, by sharing equipment or outsourcing non-core links (such as the processing of some components), the turnover rate loss caused by idle assets can be reduced. In addition, differentiated credit policies can be formulated. Moderate discounts can be provided to high-credit customers to shorten the payment period, and credit sales conditions can be tightened or advance payments can be required for customers with higher risks. And strengthen the dynamic monitoring of accounts receivable, and take hierarchical collection measures for overdue accounts receivable.

6.2.5. Enhance Internal Driving Force and Build Competitive Barriers

Li Auto Company can reduce its reliance on external financing by enhancing its ability to generate operating cash flow. For instance, optimize supply chain management to shorten the cash conversion cycle and accelerate the return of funds. Li Auto Company needs to clearly define the strategic priority of technological innovation and concentrate resources on key areas where it can form a differentiated advantage. Thereby building technological competitive barriers. For instance, in the field of extended-range power systems, it is necessary to continuously optimize the energy efficiency ratio and endurance, reduce manufacturing costs through modular design, and at the same time explore integration solutions with renewable energy sources (such as solar energy replenishment) to create a "green extended-range" technology label. In the field of intelligent driving, it is necessary to enhance the full-stack self-research and development capabilities, focus on breaking through the reliability of algorithms in complex scenarios (such as autonomous driving on urban roads), and establish a data closed-loop system. By feeding back the actual driving data of users to the technological iteration, a technological moat can be formed.

6.2.6. Adjust Strategies in a Timely Manner and Pay Close Attention to Policies

Li Auto Company can continuously conduct market research, gain a deep understanding of consumer demands and the dynamics of competitors, and adjust product and marketing strategies in a timely manner based on market feedback. Establish a price early warning mechanism and a flexible price adjustment strategy to be able to respond quickly in the price war against competitors. Maintain price competitiveness by adjusting preferential policies, financial support and other means, while ensuring no excessive profit loss. Closely monitor the dynamics of government policies, establish a dedicated policy research team, promptly interpret policy changes and formulate corresponding response strategies. For instance, before the subsidy policy is adjusted, the reliance on subsidies should be reduced in advance through measures such as optimizing the product cost structure and enhancing production efficiency.

7. Conclusion

7.1. Core Discovery

This paper, with the aid of the Harvard analytical framework, conducts an analysis and exploration of Li Auto Company from four dimensions: strategy, accounting, finance and

prospects, and then reaches the following conclusions: In terms of strategy, pure electric vehicle models have problems such as unreasonable positioning, design and sales targets; In terms of accounting, the efficiency of fund utilization is low and the reliance on short-term debts is too high. In terms of finance, the current and quick ratios fluctuate greatly and the asset turnover efficiency is low. In terms of prospects, Li Auto Company is under pressure from market competition and policy changes.

7.2. Practical Suggestions

Li Auto Company needs to enhance its comprehensive competitiveness and sustainability by focusing on product differentiation, optimizing its capital structure, strengthening the resilience of its supply chain, and actively responding to policy changes.

7.3. Limitations of the Research and Future Research Directions

7.3.1. Research Limitations

This study focuses on the new energy vehicle industry, especially Li Auto Company, whose extended-range technology route and market competition environment have certain uniqueness. Therefore, the research conclusions may not be fully applicable to enterprises dominated by pure electric technology or those transforming from traditional fuel vehicles.

Although it compared with peer enterprises such as NIO and XPeng, the research still took Li Auto as the core case. In the future, the sample size can be expanded (for example, by including enterprises with different technical routes such as BYD and Tesla) to enhance the universality of the conclusion.

The research is mainly based on the Chinese market and does not fully consider the potential impact of global competition (such as European carbon emission regulations and the US IRA Act) on Li Auto's financial strategy.

7.3.2. Future Research Directions

Explore the applicability of the Harvard Analytical framework in high-tech barrier industries such as semiconductors and biomedicine, and verify whether it can effectively integrate non-financial indicators such as R&D investment and patent layout. Compare the differences in the analysis focuses of different industries (such as traditional manufacturing vs. Internet enterprises) in the four dimensions of strategy, accounting, finance and prospects, and optimize the universality of the framework.

Analyze the differences in capital structure and tax planning of enterprises such as Li Auto, BYD and Tesla in different regional markets (China, Europe and North America), and reveal the interaction between policies and the market.

Incorporate ESG (environmental, social, and governance) factors into the dimension of outlook analysis to study how ESG ratings affect the financing costs, brand premiums, and long-term valuations of new energy vehicle enterprises.

Author Contributions:

Conceptualization, W.C.; methodology, W.C.; software, W.C.; validation, W.C.; formal analysis, W.C.; investigation, W.C.; resources, W.C.; data curation, W.C.; writing—original draft preparation, W.C.; writing—review and editing, W.C.; visualization, W.C.; supervision, W.C.; project administration, W.C.; funding acquisition, W.C. All authors have read and agreed to the published version of the manuscript.

Funding:

Not applicable.

Institutional Review Board Statement:

Not applicable.

Informed Consent Statement:

Not applicable.

Data Availability Statement:

The original contributions presented in this study are included in the article. Further inquiries can be directed to the corresponding author(s).

Conflict of Interest:

The authors declare no conflict of interest.

References

Chen, Y. (2022). Measurement and enhancement of international competitiveness of China's new energy vehicle enterprises (Doctoral dissertation, Southeast University).

Huang, R., Chen, Y., & Wang, Z. M. (2020). Application of Harvard analysis in "Internet + manufacturing" enterprises: A case study of Xiaomi Group. Communication of Finance and Accounting, (10), 92-96.

Li, Q.S. (2023). A study on the financial performance of Automobile Enterprise A based on the Harvard analytical framework (Doctoral dissertation, Dongbei University of Finance and Economics).

Ma, Y.F. (2023). Research on the competitive strategy of Li Auto Company (Doctoral dissertation, Beijing University of Posts and Telecommunications).

Wang, S. (2020). Corporate financial analysis based on the Harvard framework. Market Modernization, (2), 161-162.

Wu, M.T. (2021). Research on the development strategy of new energy vehicles for Li Auto Company (Doctoral dissertation, Shanghai University of Finance and Economics).

Xie, Z.A. (2022). Evaluation and influencing factors analysis of the development level of China's new energy vehicle enterprises (Doctoral dissertation, Jilin University of Finance and Economics).

Yan, Z. X. (2020). Suggestions on improving the competitiveness of self-owned brand automobiles. China National Conditions and Strength, (1), 63-65.

Zhang, C., Yu, S. Q., & Xiao, W. J. (2022). Innovation of performance evaluation system based on BSC and Harvard framework: A case study of iFlytek. Friends of Accounting, (22), 55-60.

Zhang, H. (2021). Financial case analysis based on the Harvard analytical framework. Commercial Accounting, (14), 45-47.

Zhang, Y.X. (2018). Research on the impact of fiscal subsidies on the development of the new energy vehicle industry (Doctoral dissertation, Jilin University).