You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

MiniMax is a global AI foundation model company. Founded by a group of forward-thinking engineers, we are committed to driving AI innovation towards performing the full range of human intellectual tasks, from learning and reasoning to planning and generalizing knowledge across diverse domains.

We have been consistently iterating our models to higher intelligence levels. Today, our proprietary foundation model suite, led by MiniMax-M2, Hailuo-02, and Speech-02, has long context processing capacity and can understand, generate, and integrate a wide range of modalities, including text, video and audio. These models power our major AI-native products — including MiniMax, Hailuo AI, MiniMax Audio, Talkie/Xingye, and our enterprise and developer-facing Open Platform, delivering intelligent and dynamic experiences to users globally.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"). Further details of the material accounting policy information adopted are set out in Note 2 of the Accountants' Report included in Appendix I to this Document.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this historical financial information, our Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in Note 2 of the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by various general factors that affect overall end-user demands and market conditions for foundation models and AI-native products. These factors include macroeconomic trends, industry dynamics, technological advances and innovations, the pace of AI penetration and user adaptability across industries, government policies and regulations (including those specifically targeting AI), and the competitive landscape. Any negative change in these conditions may adversely impact our results of operations.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Ability to Maintain Technology Leadership in Model Intelligence

The intelligence, performance and competitiveness of our foundation models is the most critical factor influencing our business and results of operations. Such competitiveness is determined by our judgement of technological development trends, our capability for continuous innovation, and the efficiency of our model research and development processes. Specifically, the intelligence level and strength of our models directly impacts the user adoption, market demand, product penetration, and pricing of our products, which in turn affects our revenue growth and profitability.

Ability to Diversify Product Offerings, Broaden Monetization Channels and Improve Accessibility

Our revenue growth has been primarily driven by the rapid expansion of our AI-native product suite and a diversified monetization strategy. Since inception, we have followed a product-oriented growth approach to develop intelligent, use case-driven applications powered by our proprietary foundation models. Our diversified product offerings serve both individual users and enterprise customers across a broad range of application scenarios, such as video generation, general purpose agent services, speech and music synthesis, and multi-modal chat interfaces. With a rising number of users adopting our flagship products, including MiniMax, Hailuo AI, MiniMax Audio, Talkie/Xingye, we have cumulatively served more than 212 million individual users across over 200 countries and regions, and more than 100 thousand enterprise customers and developers across over 100 countries and regions.

We have developed diversified monetization channels including subscription services, token-based in-app purchases, online marketing services, and usage-based enterprise APIs. For our consumer-facing products such as MiniMax, Hailuo AI, MiniMax Audio, and Talkie/Xingye, monetization is driven by premium feature subscriptions services, token-based in-app purchases and online marketing services. For our Open Platform, monetization primarily derives from API calls (i.e., user requests to utilize the Company's models) based on token volume.

We have achieved user growth and early monetization traction. Our average MAUs increased from approximately 3.1 million in 2023 to approximately 19.1 million in 2024, and further to approximately 27.6 million in the nine months ended September 30, 2025. Our number of paying users for our AI-native products rose from approximately 119,700 in 2023 to approximately 650,300 in 2024, and further to approximately 1,771,600 in the nine months ended September 30, 2025. Looking ahead, we plan to broaden our monetization channels and increase revenue per user across our product lines. Specifically, we aim to expand value-added features within consumer-facing products and enhance API tiering to support high-volume use cases across various industries. We also intend to deepen the integration between our models and products, unlocking more scalable commercial opportunities across modalities.

Ability to Grow Global User Base with High Brand Awareness

Our global strategy has supported simultaneous product launches across markets and enabled rapid international growth. As of September 30, 2025, our products and services were deployed in over 200 countries and regions, with revenue from international markets contributing a significant portion of our total revenue throughout the Track Record Period. Revenue generated outside the Mainland China contributed approximately 73.1% of our total revenue in the nine months ended September 30, 2025.

We believe further growth is a natural result of highly competitive products and high brand awareness, which is in turn determined by continuous advancement of model intelligence. As we continue to elevate model intelligence, we expect to expand global user base with an organic user acquisition approach, without relying upon heavy brand promotion and user acquisition spending.

Ability to Optimize Costs Through Improving Model Computing Efficiency

We believe that our ability to improve model computing efficiency, while supporting increasingly complex AI models, is a critical driver of achieving profitability. During the Track Record Period, costs associated with model inference activities were recorded under cloud service costs related to inference activities within cost of sales. These costs accounted for more than 90.0% of our total cost of sales in each year of the Track Record Period.

Through continuous innovation in model architecture and infrastructure, we have improved cost efficiency related to inference activities. We maintain high compute utilization rates through dynamic resource allocation and a unified training-inference framework. Our proprietary AI infrastructure dynamically allocates computing resources, ensuring service availability and supporting sustainable large-scale delivery of high-performance foundation models. As a percentage of revenue, our cost of sales decreased from 124.7% in 2023 to 87.8% in 2024, and further decreased from 97.4% in the nine months ended September 30, 2024 to 76.7% in the nine months ended September 30, 2025. This improvement reflects increased inference efficiency and economies of scale arising from more intelligent model and greater infrastructure utilization.

We consider the effective training of AI models to be essential to our long-term success. Costs associated with model training, fine-tuning and experimentation are recognised as research and development expenses. To enhance training efficiency, we have established an in-house AI infrastructure team and independently developed a high-performance training framework tailored to large-scale third-party computing clusters. Our AI infrastructure is designed holistically — from the operator level to cross-cluster resource scheduling — enabling model training execution.

Although R&D continues to represent our largest area of investment, our cloud services expenses relating to training as a percentage of revenue decreased, from over 1,300% in 2023 to 460.8% in 2024, and further decreased from 530.0% in the nine months ended September 30, 2024 to 266.5% in the nine months ended September 30, 2025. This reduction reflects improved training efficiency and the scalability of our infrastructure, as our business transitions from research-intensive development to scaled commercial deployment.

Ability to Continue to Enhance Research and Development and Management Efficiency

We maintain a flat and nimble research and development team and mechanism. Our research and development team operate under a lean, flat and closely coordinated organization structure. To further enhance research, development and management efficiency, we are integrating our proprietary model technologies into internal operations. This includes deploying internally developed large language model (LLM) agents for software development support, workflow automation, and routine task processing. We expect to drive higher personnel efficiency to achieve greater outcomes by leveraging our AI capabilities.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2 and Note 3 to the Accountants' Report included in Appendix I to this Document.

Set forth below are accounting policies that we believe are material to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

(i) Revenue from AI-native Products

- Membership subscription

  Our Group offers membership subscription service to individual users which provides subscribing members access to premium functionality in our Group's AI-native products. The membership subscription fee should be paid upfront, and it is non-refundable. Revenue is recognised ratably over the membership period as service is rendered.

- Virtual items

  Our Group also offers individual users with virtual items in its AI-native Products to enhance the using experience. Users have option to pre-purchase additional credits to recharge their accounts and buy these virtual items. For consumable virtual items, our Group's performance obligation is to provide one-off services to users. This performance obligation is satisfied when the virtual items are consumed. Accordingly, our Group recognises the revenues at the point in time. For non-consumable virtual items, our Group's performance obligation is to provide on-going services to users who purchased virtual items. This performance obligation is satisfied over the acting period of the paying users. Accordingly, our Group recognises the revenues ratably over the estimated average acting period of these paying users.

- Online marketing service

  In addition, our Group provides performance-based online marketing service to enterprise customers on certain of its AI-native applications, including through a mediation platform. Revenues from online marketing service are primarily recognised at a point in time when users view or click on the advertisement.

(ii) Revenue from Open Platform and other AI-based enterprise services

Our Group provides enterprise customers with access to its core AI models through its Open Platform. The performance obligation of such services is satisfied at a point in time when the customers call APIs with tokens. At the end of each month, the consideration is fixed based on tokens consumed and no variable consideration exists.

Our Group also provides enterprise customers with other AI-based enterprise services, mainly consists of arrangements customized to enterprise requirements and licensed deliverables. For customised arrangements, we work with enterprise customers to set up dedicated inference resource pools tailored to their needs, helping ensure stable and predictable model inference performance. For licensed deliverables, we license our foundation models to enable customers to deploy and operate such models in their own systems. Consideration for such services is fixed and revenue from other AI-based enterprise services is typically recognised at a point in time when the service is accepted by the customers.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before our Group transfers the related goods or services. Contract liabilities are recognised as revenue when our Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 26 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Our Group's financial liabilities include trade and bills payables, other payables, accruals and other liabilities, convertible redeemable preferred shares, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at amortised cost (trade and bills payables, other payables, accruals and other liabilities excluding convertible bonds, interest-bearing bank borrowings and lease liabilities)

After initial recognition, other payables and accruals, and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(ii) Financial liabilities at fair value through profit or loss (convertible redeemable preferred shares and convertible bonds)

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. The convertible redeemable preferred shares and convertible bonds issued by the Company were designated upon initial recognition at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in profit or loss. Gains or losses on them are recognised in the statements of profit or loss, except for the gains or losses arising from the Company's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statements of profit or loss. The net fair value gain or loss recognised in the statements of profit or loss does not include any interest charged on these financial liabilities.

Fair value measurement

Our Group measures its financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, convertible redeemable preferred shares and convertible bonds at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Our Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, our Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Revenue	–	–	3,460	100.0	30,523	100.0	19,454	100.0	53,437	100.0
Cost of sales	–	–	(4,314)	(124.7)	(26,785)	(87.8)	(18,944)	(97.4)	(40,961)	(76.7)
Gross (loss)/profit	**–**	**–**	**(854)**	**(24.7)**	**3,738**	**12.2**	**510**	**2.6**	**12,476**	**23.3**
Other income and gains, net	1,155	–	8,942	258.4	36,151	118.4	25,278	129.9	31,232	58.4
Selling and distribution expenses	(587)	–	(22,827)	(659.7)	(86,995)	(285.0)	(53,389)	(274.4)	(39,325)	(73.6)
Administrative expenses	(3,213)	–	(7,615)	(220.1)	(14,384)	(47.1)	(9,610)	(49.4)	(22,074)	(41.3)
Research and development expenses	(10,560)	–	(70,002)	(2,023.2)	(188,979)	(619.1)	(138,684)	(712.9)	(180,312)	(337.4)
Fair value loss on financial liabilities	(60,509)	–	(176,826)	(5,110.6)	(214,172)	(701.7)	(128,063)	(658.3)	(313,477)	(586.6)
Finance costs	(14)	–	(61)	(1.8)	(509)	(1.7)	(316)	(1.6)	(511)	(1.0)
Impairment losses on financial assets, net	–	–	(3)	(0.1)	(88)	(0.3)	(68)	(0.3)	(22)	–
Loss before tax	**(73,728)**	**–**	**(269,246)**	**(7,781.7)**	**(465,238)**	**(1,524.2)**	**(304,342)**	**(1,564.4)**	**(512,013)**	**(958.2)**
Income tax expense	–	–	–	–	–	–	–	–	–	–
Loss for the year/period	**(73,728)**	**–**	**(269,246)**	**(7,781.7)**	**(465,238)**	**(1,524.2)**	**(304,342)**	**(1,564.4)**	**(512,013)**	**(958.2)**
Attributable to:										
Owners of the parent	(73,728)	–	(269,246)	(7,781.7)	(465,238)	(1,524.2)	(304,342)	(1,564.4)	(512,013)	(958.2)
Non-controlling interests	–	–	–	–	–	–	–	–	–	–
Loss and total comprehensive income for the year	**(73,728)**	**–**	**(269,246)**	**(7,781.7)**	**(465,238)**	**(1,524.2)**	**(304,342)**	**(1,564.4)**	**(512,013)**	**(958.2)**
Loss per share attributable to ordinary equity holders of the parent										
Basic and diluted										
–For loss for the year/period (US$)	**(0.74)**		**(2.56)**		**(4.28)**		**(2.80)**		**(4.71)**	

NON-IFRS FINANCIAL MEASURE

We use adjusted net loss (non-IFRS measure), which is a non-IFRS financial measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted net loss (non-IFRS measure) helps identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that we include in our net loss. We believe that adjusted net loss (non-IFRS measure) provides useful information about our results of operations, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

Adjusted net loss (non-IFRS measure) should not be considered in isolation or construed as an alternative to net loss or any other measure of performance or as an indicator of our operating performance. [**REDACTED**] are encouraged to review adjusted net loss (non-IFRS measure) and the reconciliation to its most directly comparable IFRS measure. Adjusted net loss (non-IFRS measure) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage [**REDACTED**] and others to review our financial information in its entirety and not rely on a single financial measure.

We define our adjusted net loss (non-IFRS measure) as net loss adjusted by adding back (i) share-based payment expenses that are included in cost of sales, general administrative, research and development, and sales and marketing expenses, relates to the share-based awards that we grant to participants of our share incentive schemes and is a non-cash expense, (ii) fair value losses on financial liabilities, comprising fair value changes of convertible redeemable preferred shares which will be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon [**REDACTED**], and convertible bonds, which have subsequently been repaid in full as of the Latest Practicable Date, and (iii) [**REDACTED**] expenses.

The following table presents our non-IFRS financial measure for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	US$	*US$*	*US$*	*US$*	*US$*
				(unaudited)	
			(in thousands)		
Loss for the year/period	**(73,728)**	**(269,246)**	**(465,238)**	**(304,342)**	**(512,013)**
Add:					
Share-based payment expenses	1,069	3,346	6,823	6,100	8,581
Fair value loss on financial liabilities	60,509	176,826	214,172	128,063	313,477
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss for the year/period (non-IFRS measure)	**(12,150)**	**(89,074)**	**(244,243)**	**(170,179)**	**(186,280)**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our revenue is derived from two primary sources — (i) AI-native products and (ii) Open Platform and other AI-based enterprise services, mainly consists of API usage as well as arrangements customized to enterprise requirements and licensed deliverables. For customised arrangements, we work with enterprise customers to set up dedicated inference resource pools tailored to their needs, helping ensure stable and predictable model inference performance. For licensed deliverables, we license our foundation models to enable customers to deploy and operate such models in their own systems. Each revenue stream reflects a distinct monetization pathway aligned with our product and platform strategies. The following table sets forth the breakdown of our revenue by nature, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
AI-native products	–	–	758	21.9	21,805	71.4	13,529	69.5	38,020	71.1
Open Platform and other AI-based enterprise services	–	–	2,702	78.1	8,718	28.6	5,925	30.5	15,417	28.9
Total revenue	**–**	**–**	**3,460**	**100.0**	**30,523**	**100.0**	**19,454**	**100.0**	**53,437**	**100.0**

AI-native products. We generate revenue from individual users through subscription-based access to our monetized AI-native consumer applications, such as MiniMax, Hailuo AI, MiniMax Audio, and Talkie/Xingye. Subscriptions provide users with premium functionality across multi-modal generation, intelligent interaction, and personalized experiences. Revenue is recognised ratably over the subscription period, as we fulfill a stand-ready performance obligation to provide continuous access to content and services throughout the term. Users have option to pre-purchase additional credits to recharge their accounts and buy these virtual items. For consumable virtual items, revenue is recognised when the virtual items are consumed. For non-consumable virtual items, revenue is recognised over the estimated average acting period of the paying users. In addition, we generate online marketing service revenue by providing marketing services to mediation platform on certain of our AI-native applications. Revenue is recognised at a point in time, when a user views or clicks on an advertisement, thereby fulfilling our performance obligation. These services enable mediation platform to engage with end users in a contextually relevant and measurable manner. As our user base and engagement levels expand, this revenue stream is expected to continue contributing to our overall monetization.

Open Platform and other AI-based enterprise services. We provide enterprise customers with access to our usage-based Open Platform and other AI-based enterprise services. Revenue from API usage is recognised at a point in time when the customers call APIs with tokens, which are billed under certain agreed fee schedule or usage-based structure. Revenue from other AI-based enterprise services, mainly consists of arrangements customized to enterprise requirements and licensed deliverables, is typically recognised at a point in time, when control is transferred or acceptance is confirmed. Specifically, for customised arrangements, we work with enterprise customers to set up dedicated inference resource pools tailored to their needs, helping ensure stable and predictable model inference performance. For licensed deliverables, we license our foundation models to enable customers to deploy and operate such models in their own systems. These services support enterprise use cases across sectors such as smart devices, healthcare, tourism, and finance.

The tables below set forth breakdowns of revenue by product and further by monetization method:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
AI-native products										
MiniMax	–	–	–	–	–	–	–	–	756	1.4
Hailuo AI	–	–	–	–	2,347	7.7	–	–	17,464	32.6
MiniMax Audio	–	–	–	–	–	–	–	–	1,050	2.0
Talkie/Xingye	–	–	758	21.9	19,458	63.7	13,529	69.5	18,750	35.1
Open Platform and other AI-based enterprise services	–	–	2,702	78.1	8,718	28.6	5,925	30.5	15,417	28.9
Total revenue	**–**	**–**	**3,460**	**100.0**	**30,523**	**100.0**	**19,454**	**100.0**	**53,437**	**100.0**

		For the year ended December 31,						For the nine months ended September 30,			
		2022		2023		2024		2024		2025	
		US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
								(unaudited)			
		(in thousands, except for percentages)									
AI-native products											
MiniMax	In-app top-up	–	–	–	–	–	–	–	–	204.0	0.4
	Subscriptions	–	–	–	–	–	–	–	–	552.0	1.0
Hailuo AI	In-app top-up	–	–	–	–	527	1.7	–	–	3,317	6.2
	Subscriptions	–	–	–	–	1,820	6.0	–	–	14,147	26.4
MiniMax Audio	In-app top-up	–	–	–	–	–	–	–	–	196	0.4
	Subscriptions	–	–	–	–	–	–	–	–	854	1.6
Talkie/Xingye	In-app top-up	–	–	164	4.8	897	3.0	712	3.7	958	1.8
	Subscriptions	–	–	594	17.1	3,960	12.9	2,917	14.9	6,604	12.4
	Online marketing service	–	–	–	–	14,601	47.8	9,900	50.9	11,188	20.9
Open Platform and other AI-based enterprise services		–	–	2,702	78.1	8,718	28.6	5,925	30.5	15,417	28.9
Total revenue		**–**	**–**	**3,460**	**100.0**	**30,523**	**100.0**	**19,454**	**100.0**	**53,437**	**100.0**

In terms of geographic coverage, we generate revenue mainly in APAC, Americas, and EMEA. The following tables set out a breakdown of our revenue by geographical locations, in absolute amounts and as a percentage of our total revenue, for the periods indicated. For our AI-native products, revenue is based on users' billing address. For Open Platform, revenue is based on customers' jurisdiction of incorporation.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
APAC	–	–	2,822	81.5	21,631	70.9	14,739	75.7	32,676	61.1
Americas	–	–	598	17.3	5,405	17.7	3,012	15.5	12,658	23.7
EMEA	–	–	40	1.2	3,487	11.4	1,703	8.8	8,103	15.2
Total	**–**	**–**	**3,460**	**100.0**	**30,523**	**100.0**	**19,454**	**100.0**	**53,437**	**100.0**

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Mainland China	–	–	2,797	80.8	9,217	30.2	6,768	34.8	14,400	26.9
Singapore	–	–	1	0.0	11,455	37.5	7,664	39.4	12,980	24.3
United States	–	–	575	16.6	4,999	16.4	2,871	14.8	10,913	20.4
Others	–	–	87	2.6	4,852	15.9	2,151	11.0	15,144	28.4
Total	**–**	**–**	**3,460**	**100.0**	**30,523**	**100.0**	**19,454**	**100.0**	**53,437**	**100.0**

Note: Others included nil, 88, 189, 134, and 221 jurisdictions during 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. Revenue contribution from others primarily includes Israel, South Korea, the United Kingdom, Spain, Germany, Ireland, Australia, India, Hong Kong, Turkey, Brazil, Canada, France, and other countries and regions.

Cost of Sales

Our cost of sales primarily consists of expenses associated with cloud services related to inference, as well as platform commission fees.

- Cloud service costs related to inference activities refer to real-time computation and inference activities that directly support the delivery of our commercialized products and services, such as real-time interactions through our applications and open platform. These costs include expenditures on third-party cloud platforms to handle user prompts, generate outputs, and serve results to end-users. In contrast, cloud service expenses related to training are recognised under research and development expenses.

- In addition, commission fees paid to third-party distribution channels are recorded as cost of sales. As our user activity and enterprise usage volumes increased, these variable costs grew in absolute terms.

- However, as a percentage of revenue, our cost of sales decreased from 124.7% in 2023 to 87.8% in 2024 and also decreased from 97.4% in the nine months ended September 30, 2024 to 76.7% for the same period in 2025, reflecting increasing inference cost efficiency.

The following table sets out a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Cloud services costs related to inference activities	–	–	4,097	95.0	25,966	96.9	18,370	97.0	37,988	92.7
Platform commission fees	–	–	217	5.0	819	3.1	574	3.0	2,360	5.8
Labor costs	–	–	–	–	–	–	–	–	592	1.4
Share-based payment expenses	–	–	–	–	–	–	–	–	21	0.1
Total	**–**	**–**	**4,314**	**100.0**	**26,785**	**100.0**	**18,944**	**100.0**	**40,961**	**100.0**

The following table sets forth a breakdown of our cost of sales by revenue source, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
AI-native products	–	–	3,640	84.4	23,581	88.0	16,711	88.2	36,246	88.5
Open Platform and other AI-based enterprise services	–	–	674	15.6	3,204	12.0	2,233	11.8	4,715	11.5
Total	**–**	**–**	**4,314**	**100.0**	**26,785**	**100.0**	**18,944**	**100.0**	**40,961**	**100.0**

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of nil, negative US$0.9 million, US$3.7 million, US$0.5 million and US$12.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing gross profit margins of nil, negative 24.7%, 12.2%, 2.6% and 23.3%, respectively, during the same periods.

The following table sets forth a breakdown of our gross profit and gross profit margin by revenue source for the periods indicated. Our gross profit and gross profit margin have been and will continue to be affected by a number of factors, including the intelligence level of our foundation models, our revenue mix, pricing strategies, and inference cost efficiency.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
AI-native products	–	–	(2,882)	(380.2)	(1,776)	(8.1)	(3,182)	(23.5)	1,774	4.7
Open Platform and other AI-based enterprise services	–	–	2,028	75.1	5,514	63.2	3,692	62.3	10,702	69.4
Total	**–**	**–**	**(854)**	**(24.7)**	**3,738**	**12.2**	**510**	**2.6**	**12,476**	**23.3**

Other Income and Gains, Net

Our other income and gains, net consist of (i) interest income, (ii) foreign exchange gains, net, (iii) fair value gain on financial assets at fair value through profit or loss, representing gains arising from the remeasurement of financial assets, including structured wealth management products designated at fair value through profit or loss, and (iv) others, which mainly consist of gain or loss on disposal of long-term assets and early termination of right-of-use assets and lease liabilities.

The following table sets forth the breakdown of our income and gains, net for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Other income and gains, net										
Interest income	39	3.4	7,785	87.1	20,448	56.6	17,199	68.0	7,876	25.2
Foreign exchange gains, net	175	15.2	311	3.5	2	0.0	1,415	5.7	1,600	5.1
Fair value gain on financial assets at fair value through profit or loss	941	81.4	788	8.8	15,710	43.4	6,682	26.4	20,414	65.4
Others	–	–	58	0.6	(9)	0.0	(18)	(0.1)	1,342	4.3
Total	**1,155**	**100.0**	**8,942**	**100.0**	**36,151**	**100.0**	**25,278**	**100.0**	**31,232**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) business promotion expenses, including spending on brand campaigns, online and offline marketing, and user growth initiatives intended to enhance awareness and adoption of our AI-native products (ii) staff costs, including salaries, bonuses, and social insurance contributions paid to personnel engaged in marketing, and business development, (iii) share-based payment expenses, which includes the amortization of employee stock options granted to selling and distribution personnel, and (iv) others, including travel costs and public relations fees.

The following table sets forth a breakdown of our selling and distribution expenses, in absolute amounts and as a percentage of our total selling and distribution expenses, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Business promotion expenses	345	58.8	22,035	96.5	84,861	97.5	52,122	97.6	36,190	92.0
Staff costs	240	40.9	698	3.1	1,869	2.1	1,118	2.1	2,774	7.1
Share-based payment expenses	–	–	4	–	61	0.1	20	0.0	104	0.3
Others	2	0.3	90	0.4	204	0.3	129	0.3	257	0.6
Total	**587**	**100.0**	**22,827**	**100.0**	**86,995**	**100.0**	**53,389**	**100.0**	**39,325**	**100.0**

These expenses support the commercial adoption of our product offerings across individual and enterprise users and have increased in absolute amount in line with our growth in active user base and market presence from 2022 to 2024, and have decreased in absolute amount in the nine months ended September 30, 2025 due to the adoption of organic user growth strategy and the enhanced model intelligence. As a percentage of our total revenue, our selling and distribution expenses were 659.7%, 285.0%, 274.4% and 73.6% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. This decrease was primarily driven by the success of our organic user acquisition strategy.

Looking ahead, we expect our selling and distribution expenses to continue to decrease as a percentage of revenue as we focus more on organic growth of our user and customer base. Further information about the movement of our selling and distribution expenses during the Track Record Period is set forth in "— Period-to-Period Comparison of Results of Operations."

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, including salaries, bonuses, and social insurance contributions, for personnel engaging in administrative function, (ii) [**REDACTED**] expenses, (iii) professional service fees, mainly for professional services and IT services, (iv) depreciation and amortization, relating to periodic expense recognition of right-of-use asset, office equipment and leasehold improvements, used in administrative functions, (v) share-based payment expenses, which includes the amortization of employee stock options granted to management personnel, (vi) travel and office expenses, comprising office operations and business travel expenses, and (vii) premise expenses, comprising short-term rental expense, premises maintenance fees and utilities fee related to core administrative activities, and (viii) others, mainly residual administrative items.

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as a percentage of our total administrative expenses, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Staff costs	661	20.6	2,392	31.3	5,502	38.3	3,710	38.6	9,997	45.3
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	719	22.4	1,931	25.4	3,483	24.1	2,438	25.4	2,116	9.6
Depreciation and amortization	207	6.4	773	10.2	1,852	12.9	1,397	14.5	2,060	9.3
Share-based payment expenses	981	30.6	1,516	19.9	2,059	14.3	1,358	14.1	2,109	9.6
Travel and office expenses	181	5.6	546	7.2	556	3.9	183	1.9	609	2.8
Premise expenses	72	2.2	365	4.8	374	2.6	255	2.7	375	1.7
Others	392	12.2	92	1.2	558	3.9	269	2.8	1,133	5.1
Total	**3,213**	**100.0**	**7,615**	**100.0**	**14,384**	**100.0**	**9,610**	**100.0**	**22,074**	**100.0**

Our administrative expenses increased in absolute amount during the Track Record Period as we expanded operations. As a percentage of our total revenue, our administrative expenses were 220.1%, 47.1%, 49.4% and 41.3% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We expect our administrative expenses to continue increasing in absolute terms as we expand our operations, organization, and compliance framework. However, we expect that our administrative expenses as a percentage of total revenue will decrease as we improve our operational efficiency and benefit from economies of scale. Further information about the movement of our administrative expenses during the Track Record Period is set forth in "— Period-to-Period Comparison of Results of Operations."

Research and Development Expenses

Our research and development expenses consist primarily of: (i) cloud services expenses related to training activities including foundational model training, architectural experimentation, large-scale evaluation, and early-stage prototyping; (ii) staff costs, including salaries, bonuses, and social insurance contributions for personnel engaging in research and development function; (iii) share-based payment expenses, which includes the amortization of employee stock options granted to research and development personnel; (iv) travel and professional expenses, outsourced technical services and mobility-related expenses incurred by our research and development teams; and (v) others, including general support expenses for research and development activities such as depreciation of office equipment.

The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as a percentage of our total research and development expenses, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Cloud services expenses related to training	4,149	39.4	47,229	67.6	140,642	74.4	103,114	74.4	142,397	79.0
Staff costs	5,461	51.7	18,674	26.7	40,420	21.4	28,514	20.6	28,531	15.8
Share-based payment expenses	88	0.8	1,826	2.6	4,703	2.5	4,722	3.4	6,347	3.5
Travel and professional expenses	457	4.3	1,467	2.1	2,842	1.5	2,066	1.5	2,670	1.5
Others	405	3.8	806	1.0	372	0.2	268	0.1	367	0.2
Total	**10,560**	**100.0**	**70,002**	**100.0**	**188,979**	**100.0**	**138,684**	**100.0**	**180,312**	**100.0**

Our research and development expenses increased in absolute amount throughout the Track Record Period, reflecting our strategic focus on advancing foundational AI model capabilities. As a percentage of total revenue, our research and development expenses decreased from over 2,000% in 2023 to 619.1% in 2024, and further decreased from 712.9% in the nine months ended September 30, 2024 to 337.4% in the nine months ended September 30, 2025, reflecting revenue scale-up while maintaining a high level of technology investment. We expect our research and development expenses to continue increasing in absolute terms as we expand our model capabilities and pursue further innovation. As a percentage of our total revenue, however, our research and development expenses are expected to decrease overtime as we continue to enhance commercialization and improve our research and development efficiency, especially on foundational model training activities and organizational efficiency. Further information about the movement of our research and development expenses during the Track Record Period is set forth in "— Period-to-Period Comparison of Results of Operations."

Fair Value Loss on Financial Liabilities

Our fair value loss on financial liabilities represents changes in the carrying amount of our convertible redeemable preferred shares and other financial liabilities. These fair value changes are non-cash in nature. We recorded fair value loss on financial liabilities of US$60.5 million, US$176.8 million, US$214.2 million, US$128.1 million and US$313.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Finance Costs

Our finance costs consist of (i) interest on bank and other borrowings, and (ii) interest on lease liabilities. We recorded finance costs of US$14.0 thousand, US$61.0 thousand, US$0.5 million, US$0.3 million and US$0.5 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

The following table sets forth the breakdown of our finance costs, in absolute amounts and as a percentage of our total finance costs, for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(unaudited)			
	(in thousands, except for percentages)									
Interest on bank and other borrowings	–	–	–	–	355	69.7	199	63.0	404	79.1
Interest on lease liabilities	14	100.0	61	100.0	154	30.3	117	37.0	107	20.9
Total	**14**	**100.0**	**61**	**100.0**	**509**	**100.0**	**316**	**100.0**	**511**	**100.0**

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net represent the expected credit losses or reversal of the expected credit losses on our trade receivables and other receivables. We recorded impairment losses on financial assets, net of nil, US$3.0 thousand, US$88.0 thousand, US$68.0 thousand and US$22.0 thousand in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Income Tax Expense

Income tax expense refers to the aggregate amount of taxes credited or incurred in a given period, calculated in accordance with the applicable laws and regulations. It consists of current income tax, the tax payable on taxable profits for the current period, and deferred income tax, which arises from temporary differences between the accounting and tax treatment of certain items, recognised in accordance with applicable accounting standards. We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in Mainland China, the Cayman Islands, Hong Kong and Singapore.

Mainland China

Entities located in the PRC are subject to a statutory income tax rate of 25%, in accordance with the PRC Corporate Income Tax Law. During the Track Record Period, certain subsidiaries within our Group qualified for preferential income tax treatment as High and New Technology Enterprises. Specifically, Beijing Jizhi qualified for a preferential tax rate of 15% from 2023 to 2025, and Shanghai Jizhi qualified for a 15% rate from 2024 to 2026, subject to review by the relevant PRC tax authorities every three years. We did not record any income tax expense during the Track Record Period. Our effective tax rate (calculated as income tax expense divided by profit before tax) was 0% for all periods presented, as we incurred losses before tax during the Track Record Period and did not record any material current or deferred income tax expense.

Cayman Islands

Under the current laws of the Cayman Islands, we and our subsidiaries are not subject to tax on income or capital gains.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods and the nine months ended September 30, 2024 and 2025. The first HK$2,000,000 of assessable profits of each subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during the Relevant Periods and the nine months ended September 30, 2024 and 2025.

Singapore

The subsidiary incorporated in Singapore is subject to Singapore profits tax at the rate of 17% on any estimated assessable profits arising in Singapore during the period presented.

We recorded nil income tax expense during the Track Record Period. During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

Loss for the Year/Period

As a result of foregoing, we recorded loss for the year/period of US$73.7 million, US$269.2 million, US$465.2 million, US$304.3 million and US$512.0 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Adjusted Net Loss for the Year/Period (non-IFRS measure)

We recorded adjusted net loss for the year/period (non-IFRS measure) of US$12.2 million, US$89.1 million, US$244.2 million, US$170.2 million and US$186.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared with Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 174.7% from US$19.5 million for the nine months ended September 30, 2024 to US$53.4 million during the same period in 2025. This was primarily driven by the advancement in intelligence level of our foundation models, continued expansion of both of our monetization channels — AI-native products, as well as Open Platform and other AI-based enterprise services, — as we released our models, advanced the commercial rollout of our product suite and broadened our individual users and enterprise customers.

AI-native products. Revenue from our AI-native products increased by 181.0% from US$13.5 million for the nine months ended September 30, 2024 to US$38.0 million during the same period in 2025, primarily driven by higher user engagement and increased customer willingness to pay for our products, as well as the successful launch of products such as Hailuo AI. Average MAUs grew substantially from approximately 14.6 million in the nine months ended September 30, 2024 to approximately 27.6 million during the same period in 2025. Paying users also rose significantly from approximately 489,100 in the nine months ended September 30, 2024 to approximately 1,771,600 during the same period in 2025. These growth figures reflect the development of our business and the expanding customer base, signaling the successful execution of our strategy to drive user engagement and retention.

Open Platform and other AI-based enterprise services. Revenue generated from Open Platform and other AI-based enterprise services increased by 160.2% from US$5.9 million for the nine months ended September 30, 2024 to US$15.4 million during the same period in 2025, primarily fueled by a notable increase in paying users, defined as users who individually consumed no less than US$50 worth of API calls (or its equivalent in other currencies) from approximately 400 in the nine months ended September 30, 2024 to approximately 2,500 during the same period in 2025. Moreover, revenue from overseas markets witnessed significant growth from US$0.1 million in the nine months ended September 30, 2024 to US$7.8 million during the same period in 2025, contributing to the overall revenue increase from Open Platform and other AI-based enterprise services, reflecting the broader global market acceptance and demand for our products.

Cost of Sales

Our cost of sales increased by 116.2% from US$18.9 million for the nine months ended September 30, 2024 to US$41.0 million during the same period in 2025, primarily attributable to a 116.9% increase in costs associated to our AI-native products, which rose from US$16.7 million to US$36.2 million over the same period, consistent with our rapid business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit improved from US$0.5 million for the nine months ended September 30, 2024 to a gross profit of US$12.5 million during the same period in 2025. Our gross profit margin increased from 2.6% for the nine months ended September 30, 2024 to 23.3% during the same period in 2025.

The increase in our overall gross profit margin was primarily driven by the continuous advancement of our foundation models' intelligence and the significant improvements in the efficiency of our inference processes. In particular, the gross profit margin for AI-native products, which was the most significant contributor to our revenue during the Track Record Period, significantly improved from a gross profit margin of negative 23.5% for the nine months ended September 30, 2024 to a gross profit margin of 4.7% during the same period in 2025.

Other Income and Gains, Net

Our other income and gains, net increased by 23.6% from US$25.3 million for the nine months ended September 30, 2024 to US$31.2 million during the same period in 2025, primarily due to an increase in fair value gain on financial assets at fair value through profit or loss from US$6.7 million in the nine months ended September 30, 2024 to US$20.4 million during the same period in 2025, driven by the rise in returns on financial investments resulting from a larger investment allocation.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 26.3% from US$53.4 million for the nine months ended September 30, 2024 to US$39.3 million during the same period in 2025. This decrease was primarily attributable to a 30.6% decrease in business promotion expenses from US$52.1 million in the nine months ended September 30, 2024 to US$36.2 million during the same period in 2025, as we have been adjusting our marketing strategies with focused efforts on an organic user acquisition approach, without relying heavily upon brand promotion and user acquisition spending.

Administrative Expenses

Our administrative expenses increased by 129.7% from US$9.6 million for the nine months ended September 30, 2024 to US$22.1 million during the same period in 2025, mainly driven by an increase in staff costs during the same period due to increasing headcount and share-based payment expenses for administrative personnel. Moreover, the [**REDACTED**] expenses incurred in the nine months ended September 30, 2025 also contributed to the overall increase in administrative expenses, which did not occur during the same period in 2024.

Research and Development Expenses

Our research and development expenses increased by 30.0% from US$138.7 million for the nine months ended September 30, 2024 to US$180.3 million during the same period in 2025, mainly attributed to an increase in cloud services expenses related to training activities, driven by the increased model iteration and upgrades as we continued to develop and refine our foundation models and multi-modal capabilities. The year over year growth rate of our research and development expenses in the nine months ended September 30, 2025 was 30.0%, significantly lower than our revenue growth rate of 174.7% during the same period, demonstrating our improved research and development efficiency.

Fair Value Loss on Financial Liabilities

Our fair value loss on financial liabilities increased from US$128.1 million for the nine months ended September 30, 2024 to US$313.5 million during the same period in 2025, mainly driven by significant remeasurement losses on our preferred shares due to continued increases in our valuation.

Finance Costs

Our finance costs increased by 61.7% from US$0.3 million for the nine months ended September 30, 2024 to US$0.5 million during the same period in 2025, primarily due to an increase in interest on bank and other borrowings from US$0.2 million to US$0.4 million over the period.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial assets, net of US$68.0 thousand for the nine months ended September 30, 2024 and US$22.0 thousand during the same period in 2025. The improvement over impairment losses on financial assets, net was primarily attributable to our effective collection efforts, which resulted in the release of previously recognised expected credit loss provisions.

Loss for the Period

As a result of the foregoing, our loss for the period increased by 68.2% from US$304.3 million for the nine months ended September 30, 2024 to US$512.0 million during the same period in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased significantly by 782.2% from US$3.5 million in 2023 to US$30.5 million in 2024. This increase was primarily driven by the advancement in intelligence level of our foundation model, which resulted in rapid growth across both of our monetization channels — Open Platform and other AI-based enterprise services and AI-native products — as we scaled up commercialization of our AI-native product suite and user base.

AI-native products. Revenue from AI-native products increased by 2,776.6% from US$0.8 million in 2023 to US$21.8 million in 2024, as we began ramping up commercialization mainly through online marketing services and value-added premium features. Such initial monetization success was fueled by continued expansion in our consumer-facing product suite. Specifically, we expanded value-added premium features in core monetized products such as Hailuo AI and Talkie/Xingye, and actively optimized pricing tiers to enhance monetization efficiency. Average MAUs grew from approximately 3.1 million in 2023 to 19.1 million in 2024, and paying users for AI-native products rose from approximately 119,700 in 2023 to approximately 650,300 in 2024, reflecting increased user willingness to pay for premium and intelligent experiences. With an increasingly engaged user base, we were able to grow our online marketing services associated with certain AI-native products.

Open Platform and other AI-based enterprise services. Revenue from our Open Platform and other AI-based enterprise services increased by 222.6% from US$2.7 million in 2023 to US$8.7 million in 2024. This was driven primarily by increased adoption of our Open Platform, which experienced growth in token volume and enterprise developer subscriptions. The number of key paying users, defined as users who have individually consumed no less than US$50 worth of API calls (or its equivalent in other currencies) grew from approximately 100 in 2023 to 700 in 2024.

Cost of Sales

Our cost of sales increased by 520.9% from US$4.3 million in 2023 to US$26.8 million in 2024, primarily attributable to a 533.8% increase in cloud service used to support inference workloads across our AI-native consumer applications and open platform, which rose from US$4.1 million to US$26.0 million over the same period. This increase was driven by greater infrastructure usage to support inference workloads across our AI-native consumer applications and enterprise-facing open platform, as cumulative user interactions and API token consumption surged during the year.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from negative US$0.9 million in 2023 to US$3.7 million in 2024. Our gross profit margin increased from negative 24.7% in 2023 to 12.2% in 2024, resulting from the changes in the mix of our revenue sources and their respective gross profit margins.

The increase in our overall gross profit margin was primarily driven by improved intelligence level of our foundation models and model inference efficiency. In particular, the gross profit margin for AI-native products, which was the most significant contributor to our revenue during the Track Record Period, significantly improved from negative 380.2% in 2023 to negative 8.1% in 2024, primarily attributed to improvements in the intelligence level of our foundation models, user engagement and monetization, and introduction of new monetized features.

Other Income and Gains, Net

Our other income and gains, net increased by 304.3% from US$8.9 million in 2023 to US$36.2 million in 2024, respectively. This increase was primarily attributable to a significant rise in fair value gains on financial assets at fair value through profit or loss, which increased by 1,893.7%, from US$0.8 million in 2023 to US$15.7 million in 2024. These gains primarily reflected unrealized mark-to-market increases in the carrying value of certain financial instruments, including investments designated at fair value. To a lesser extent, interest income increased by 162.7% from US$7.8 million in 2023 to US$20.4 million in 2024, mainly due to higher average cash balances.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 281.1% from US$22.8 million in 2023 to US$87.0 million in 2024. This increase was primarily driven by a 285.1% increase in business promotion expenses, which rose from US$22.0 million in 2023 to US$84.9 million in 2024. The increase was due to our exploration of various user growth channels during our initial period of commercialization. To a lesser extent, staff costs increased by 168.0% from US$0.7 million in 2023 to US$1.9 million in 2024, attributable to increases in headcount for personnel engaged in sales and marketing.

Administrative Expenses

Our administrative expenses increased by 88.9% from US$7.6 million in 2023 to US$14.4 million in 2024, mainly driven by (i) a 130.0% increase in staff costs from US$2.4 million in 2023 to US$5.5 million in 2024 due to higher headcount for administrative personnel and (ii) a 80.4% increase in professional service fees from US$1.9 million in 2023 to US$3.5 million in 2024, mainly due to increased cost for legal, audit and advisory expenses and hiring expenses in connection with our growing operations.

Research and Development Expenses

Our research and development expenses increased by 170.0% from US$70.0 million in 2023 to US$189.0 million in 2024, mainly attributed to (i) a 197.8% increase in cloud services expenses related to training activities from US$47.2 million in 2023 to US$140.6 million in 2024 due to increased model training, evaluation, and architecture experimentation activities as we continued to develop our foundation models and multi-modal capabilities and (ii) a 116.5% increase in staff costs, from US$18.7 million to US$40.4 million over the same period, attributable to higher headcount for our in-house research and engineering teams. The year over year growth rate of our research and development expense in 2024 was 170.0%, significantly lower than our revenue growth rate of 782.2% during the same period, demonstrating our improved research and development efficiency.

Fair Value Loss on Financial Liabilities

Our fair value loss on financial liabilities increased by 21.1% from US$176.8 million in 2023 to US$214.2 million in 2024, primarily due to continued remeasurement losses on our preferred shares in 2024, as our valuation increased during the year.

Finance Costs

Our finance costs increased by 734.4% from US$61 thousand in 2023 to US$0.5 million in 2024. This increase was primarily attributable to the incurrence of interest expenses of US$0.4 million in 2024 on bank loans and other borrowings, as we initiated financing arrangements to support our working capital and operating needs. Interest on lease liabilities also increased by 152.5%, from US$61.0 thousand in 2023 to US$0.2 million in 2024, as we expanded our office footprint and entered into new lease agreements to accommodate headcount growth across functions.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial, net of US$3.0 thousand and US$88.0 thousand in 2023 and 2024, respectively. The increase was primarily attributable to provisions recognised on trade receivables and contract assets in connection with our expanding revenue base and customer coverage. As we scaled up monetization activities, we implemented expected credit loss assessments across a broader set of accounts to align with our credit risk management policies.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 72.8% from US$269.2 million in 2023 to US$465.2 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased from nil in 2022 to US$3.5 million in 2023. This increase was primarily driven by initial commercialization across both monetization channels as we launched our AI-native products and began scaling user and enterprise adoption.

AI-native products. We did not generate any revenue from our AI-native products in 2022. In 2023, we recorded US$0.8 million revenue generated by our AI-native products, attributable to the introduction of paid tiers across our consumer-facing applications. Our average MAUs reached approximately 3.1 million during the year and our paying users for AI-native products reached approximately 119,700, as early monetization efforts, including for Talkie/Xingye, gained initial traction.

Open Platform. Revenue from Open Platform mainly consists of API calls and other AI-based enterprise services, which includes arrangements customized to enterprise requirements and licensed deliverables. For customised arrangements, we work with enterprise customers to set up dedicated inference resource pools tailored to their needs, helping ensure stable and predictable model inference performance. For licensed deliverables, we license our foundation models to enable customers to deploy and operate such models in their own systems. We did not generate enterprise service revenue in 2022. In 2023, revenue from API and other AI-based enterprise services was US$2.7 million, primarily driven by the launch and adoption of our Open Platform by enterprise developers across initial use cases such as customer service, smart devices, and education. Our paying users, defined as users who have individually consumed no less than US$50 worth of API calls (or its equivalent in other currencies) reached approximately 100 in 2023.

Cost of Sales

Our cost of sales increased from nil in 2022 to US$4.3 million in 2023. The increase was primarily attributable to cloud service costs of US$4.1 million incurred to support inference workloads as we began commercializing our API services and consumer products, including expenditures on third-party cloud services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit amounted to nil in 2022 and negative US$0.9 million in 2023. Our gross profit margin was nil in 2022 and negative 24.7% in 2023 (when our monetization was still at a nascent stage).

Our overall gross profit margin was primarily driven by initial commercialization across both monetization channels as we launched our AI-native products suites and began scaling user and enterprise adoption.

Other Income and Gains, Net

Our other income and gains, net increased by 674.2% from US$1.2 million in 2022 to US$8.9 million in 2023. The increase was primarily attributable to a rise in interest income from US$39.0 thousand in 2022 to US$7.8 million in 2023, reflecting higher average cash balances.

Selling and Distribution Expenses

We did not record material selling and distribution expenses in 2022. In 2023, these expenses amounted to US$22.8 million, primarily driven by business promotion expenses of US$22.0 million, reflecting investments in user growth initiatives and brand campaigns to support our commercial launch.

Administrative Expenses

Our administrative expenses increased by 137.0% from US$3.2 million in 2022 to US$7.6 million in 2023, mainly driven by (i) an increase in staff costs from US$0.7 million to US$2.4 million due to headcount growth across administrative functions and (ii) a rise in professional service fees from US$0.7 million in 2022 to US$1.9 million in 2023, as we engaged legal, financial, and compliance consultants in connection with operational expansion and financing activities.

Research and Development Expenses

Our research and development expenses increased by 562.9% from US$10.6 million in 2022 to US$70.0 million in 2023. This increase was primarily driven by (i) cloud services expenses related to training activities, which rose by from US$4.1 million in 2022 to US$47.2 million in 2023, due to intensified model training and evaluation activity, and (ii) staff costs, which increased from US$5.5 million to US$18.7 million, due to growth in our research and engineering team headcount and compensation levels.

Fair Value Loss on Financial Liabilities

Our fair value loss on financial liabilities increased by 192.2% from US$60.5 million in 2022 to US$176.8 million in 2023, mainly driven by higher remeasurement losses on our preferred shares due to valuation appreciation during the period.

Finance Costs

Our finance costs increased by 335.7% from US$14.0 thousand in 2022 to US$61.0 thousand in 2023, primarily due to higher interest on lease liabilities, reflecting additional lease arrangements entered into to support team expansion and infrastructure needs.

Impairment Losses on Financial and Contract Assets, Net

We did not record impairment losses on financial and contract assets in 2022. In 2023, we recognised US$3.0 thousand in impairment losses, primarily reflecting expected credit losses assessed on a limited set of customer accounts in our early revenue-generating activities.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 265.2% from US$73.7 million in 2022 to US$269.2 million in 2023.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our consolidated financial statements included in Appendix I to this Document.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(US$ in thousands)			
NON-CURRENT ASSETS				
Property, plant and equipment	231	709	1,093	1,134
Right-of-use assets	458	3,313	3,077	2,746
Prepayments, other receivables and other assets	–	435	561	731
Financial assets at fair value through profit or loss	–	–	95,331	70,228
Financial assets at fair value through other comprehensive income	–	–	4,836	6,440
Restricted cash	–	39	38	41
Total non-current assets	**689**	**4,496**	**104,936**	**81,320**
CURRENT ASSETS				
Trade receivables	–	1,338	6,982	8,063
Prepayments, other receivables and other assets	569	4,378	13,470	11,811
Financial assets at amortised costs	–	–	147,444	–
Financial assets at fair value through profit or loss	65,791	15,802	295,220	644,154
Time deposits	–	91,698	26,327	–
Restricted cash	2,221	–	27,293	25,097
Cash and cash equivalents	4,691	206,295	288,912	362,647
Total current assets	**73,272**	**319,511**	**805,648**	**1,051,772**

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(US$ in thousands)			
CURRENT LIABILITIES				
Interest-bearing bank borrowings	–	–	19,455	19,102
Trade and bills payables	2,394	17,242	51,212	70,219
Other payables, accruals and other liabilities	2,326	14,741	51,512	17,322
Contract liabilities	–	559	1,553	4,657
Lease liabilities	349	1,248	1,964	1,694
Convertible redeemable preferred shares	145,175	629,001	1,581,949	2,321,193
Total current liabilities	**150,244**	**662,791**	**1,707,645**	**2,434,187**
NET CURRENT LIABILITIES	**(76,972)**	**(343,280)**	**(901,997)**	**(1,382,415)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**(76,283)**	**(338,784)**	**(797,061)**	**(1,301,095)**
NON-CURRENT LIABILITIES				
Lease liabilities	91	1,912	1,059	937
Other non-current liabilities	–	1,218	1,200	1,467
Total non-current liabilities	**91**	**3,130**	**2,259**	**2,404**
Net liabilities	**(76,374)**	**(341,914)**	**(799,320)**	**(1,303,499)**

ASSETS

Non-Current Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of leasehold improvements and office equipment. Our property, plant and equipment increased from US$0.2 million as of December 31, 2022 to US$0.7 million as of December 31, 2023. The increase was due to US$0.2 million in leasehold improvements and US$0.3 million in office equipment, which supported our infrastructure build-out during early commercialization. Our property, plant and equipment further increased to US$1.1 million as of December 31, 2024, mainly due to new leasehold improvements of US$0.4 million and office equipment of US$0.5 million to support headcount expansion and office upgrades, partially offset by depreciation of US$0.5 million recognised for the year. Our property, plant and equipment remained relatively stable at US$1.1 million as of September 30, 2025.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(US$ in thousands)			
Leasehold improvements	–	210	394	526
Office equipment	231	499	699	608
Total	**231**	**709**	**1,093**	**1,134**

Right-of-Use Assets

Our right-of-use assets primarily consist of leased office premises. Our right-of-use assets increased from US$0.5 million as of December 31, 2022 to US$3.3 million as of December 31, 2023, mainly due to new office lease agreements of US$3.7 million entered into during the year to support business expansion and headcount growth. Our right-of-use assets decreased slightly to US$3.1 million as of December 31, 2024, primarily as a result of depreciation and lease amortization charges of US$1.5 million, partially offset by new office lease agreements of US$1.2 million. Our right-of-use assets decreased to US$2.7 million as of September 30, 2025, primarily due to the amortization of right-of-use assets and the early disposal of right-of-use assets being greater than the new additions.

As at December 31, 2022, 2023, 2024 and September 30, 2025, no indicators of the impairment for our non-financial assets were identified because (i) our non-financial assets were no obsolete of physical damage, and (ii) our actual losses for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025 did not exceed the estimated losses.

Prepayments, Other Receivables and Other Assets

The non-current asset portion of our prepayments, other receivables and other assets consist of long-term deposits, which are not expected to be utilized or settled within one year. Our prepayments, other receivables and other assets increased from nil as of December 31, 2022 to US$0.4 million as of December 31, 2023. This increase was primarily due to a rise in deposits of US$0.4 million during the period. Our prepayments, other receivables and other assets further increased to US$0.6 million as of December 31, 2024, primarily driven by an increase in deposits from US$0.4 million to US$0.6 million. Our prepayments, other receivables and other assets increased to US$0.7 million as of September 30, 2025, primarily due to the increased rental deposits and property guarantee deposits resulting from the expansion of our leased properties.

Financial Assets at Fair Value through Profit or Loss

The non-current asset portion of our financial assets at fair value through profit or loss primarily consist of long-term investments in structured wealth management products. We did not record any such long-term assets as of December 31, 2022 and 2023. Our financial assets at fair value increased to US$95.3 million as of December 31, 2024, mainly driven by larger cash reserves being deployed into wealth management products purchased from counterparties of well-known financial institutions to enhance returns on idle funds. Our financial assets at fair value through profit or loss decreased to US$70.2 million as of September 30, 2025, primarily due to the maturity of wealth management products with a term exceeding one year.

We have established the treasury management policy, in which Chapter 8 has clarified the principles of our investment, the scope of investment and the decision-making process of investment.

According to our treasury management policy, our investment scope includes, but is not limited to, wealth management products investment, equity investment, etc. The investment shall meet the requirements of our development strategy and business objectives. Sufficient market research, risk assessment and due diligence shall be conducted prior to any investment, and a detailed investment plan shall be formed before the investment is made, which shall be approved by the person in charge of the financial department, the person in charge of the investment and financing department and our COO and CEO for approval. Both the financial department and the investment and financing department carry out regular evaluation and preparation of investment reports and reported to our COO and CEO for final approval.

Investment in financial assets at fair value through profit or loss after the [**REDACTED**] will be subject to the compliance with Chapter 14 of the Listing Rules. We have also established the information disclosure in compliance with the Listing Rules, and we will make corresponding disclosure of all the investments to be disclosed in accordance with the requirements of the policy and the Listing Rules.

Financial Assets at Fair Value through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income primarily consist of long-term investments in equity instruments for non-trading purposes. We did not record any such assets as of December 31, 2022 and 2023. As of December 31, 2024, we recorded US$4.8 million in financial assets at fair value through other comprehensive income, primarily due to equity investments made during the year. Our financial assets at fair value through other comprehensive income increased to US$6.4 million as of September 30, 2025, primarily due to the share price appreciation of the equity investments during the period.

Current Assets

Trade Receivables

Our trade receivables represent amounts due from customers for services rendered for which payment has not yet been received.

We did not record any trade receivables as of December 31, 2022. As of December 31, 2023, our trade receivables increased to US$1.3 million, primarily attributable to initial monetization activities during the year as we began commercialization. Our trade receivables further increased to US$7.0 million as of December 31, 2024, driven by continued business expansion and increased customer adoption of our API products. Our trade receivables increased to US$8.1 million as of September 30, 2025, which was consistent with our revenue growth and business expansion.

We typically grant credit periods of 15 to 60 days, and we seek to maintain strict control over our outstanding receivables and has a credit control process to minimize the credit risks.

The following table sets forth an aging analysis of our trade receivables, based on the invoice date and net of loss allowance, as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(US$ in thousands)			
Within one year	–	1,338	6,982	8,063

The following table sets forth our trade receivables turnover days during the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
	(days)			
Trade receivables turnover days[(1)]	N/A	41	49	38

Note:

(1) Trade receivables turnover days for a period are calculated as the average of the opening and closing trade receivables balances divided by the revenue for the relevant period, and then multiplied by the number of days in that period.

Our trade receivables turnover days increased from 41 days in 2023 to 49 days in 2024, mainly driven by rapid growth of revenue, which increased by 782.2% from US$3.5 million in 2023 to US$30.5 million in 2024. Our trade receivables turnover days decreased from 49 days in 2024 to 38 days for the nine months ended September 30, 2025, primarily due to our effective collection of trade receivables from key customers.

As of December 15, 2025, US$4.1 million, or 50.9% of our trade receivables outstanding as of September 30, 2025 had been subsequently settled. Our operational plan focuses on business expansion in the first three quarters and collection management in the fourth quarter. We do not anticipate any recoverability issues with trade receivables primarily because (i) most of our customers with granted credit days are well-known enterprises with strong credit records in credit assessments and past transactions, (ii) our receivables management policy includes rigorous credit assessment and an aging warning and collection process, (iii) our Management regularly reviews the recoverability of our outstanding balances and when appropriate, provides for impairment of these trade receivables, and (vi) as of November 30, 2025, US$6.0 million, or 84.7% of our trade receivables outstanding as of December 31, 2024 had been subsequently settled. We believe there is no recoverability issue as of the Latest Practicable Date and the provision to our trade receivables as of September 30, 2025 is sufficient.

Prepayments, Other Receivables and Other Assets

The current asset portion of our prepayments, other receivables and other assets primarily consist of prepayments, VAT recoverable, and deposits and other receivables expected to be utilized or settled within one year. The following table sets forth the details of the current asset portion of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of September 30,
	2022	**2023**	**2024**	**2025**
	(US$ in thousands)			
Prepayments	56	119	394	451
Value-added tax recoverable	387	3,854	7,144	1,500
Deposits and other receivables	126	405	5,932	9,438
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**569**	**4,378**	**13,470**	**11,811**

Our current prepayments, other receivables and other assets increased from US$0.6 million as of December 31, 2022 to US$4.4 million as of December 31, 2023, primarily due to (i) an increase in VAT recoverable from US$0.4 million to US$3.9 million, reflecting higher input VAT credits in line with increased procurement activities, and (ii) a rise in deposits and other receivables from US$0.1 million to US$0.4 million. This balance further increased to US$13.5 million as of December 31, 2024, driven by (i) an increase in deposits and other receivables expected to be settled within one year from US$0.4 million to US$5.9 million as of December 31, 2024, and (ii) an increase in VAT recoverable from US$3.9 million to US$7.1 million as our VAT credits continued to increase commensurate to our increased procurement. The current portion of our prepayments, other receivables and other assets decreased to US$11.8 million as of September 30, 2025, primarily due to a decreased in VAT recoverable from US$7.1 to US$1.5 million as our VAT refund.

As of December 15, 2025, US$3.4 million, or 29.2% of our prepayments, other receivables and other assets outstanding as of September 30, 2025 had been subsequently settled.

Financial Assets at Amortised Costs

Our financial assets at amortised cost primarily consist of short- to medium-term investments in debt instruments, such as fixed-income products, that are held to collect contractual cash flows. We did not record any financial assets at amortised cost as of December 31, 2022 or 2023. Our financial assets at amortised cost increased to US$147.4 million as of December 31, 2024, as we continued to deploy available funds into stable yield-generating instruments in accordance with our cash management strategy. Our financial assets at amortised cost decreased to nil as of September 30, 2025, primarily due to the maturity and redemption of certain of these instruments during the period.

Financial Assets at Fair Value through Profit or Loss

The current portion of our financial assets at fair value through profit or loss primarily consist of investments in short-term structured wealth management products. We recorded financial assets at fair value through profit of loss of US$65.8 million as of December 31, 2022, mainly due to the initiation of investments in short-term yield-oriented products for cash management purposes. Our financial assets at fair value through profit or loss decreased to US$15.8 million as of December 31, 2023, mainly due to redemption and temporary scaling down of investments in these products. This balance increased to US$295.2 million as of December 31, 2024, reflecting increased cash reserves deployed into wealth management products. Our financial assets at fair value through profit or loss further increased to US$644.2 million as of September 30, 2025, primarily due to our increased investments in wealth management products during the period.

We have established the treasury management policy, in which Chapter 8 has clarified the principles of our investment, the scope of investment and the decision-making process of investment.

According to our treasury management policy , our investment scope includes, but is not limited to, wealth management products investment, equity investment, etc. The investment shall meet the requirements of our development strategy and business objectives. Sufficient market research, risk assessment and due diligence shall be conducted prior to any investment, and a detailed investment plan shall be formed before the investment is made, which shall be approved by the person in charge of the financial department, the person in charge of the investment and financing department and our COO and CEO for approval. Both the financial department and the investment and financing department carry out regular evaluation and preparation of investment reports and reported to our COO and CEO for final approval.

Investment in financial assets at fair value through profit or loss after the listing will be subject to the compliance with Chapter 14 of the Listing Rules. We have also established the information disclosure in compliance with the Listing Rules, and we will make corresponding disclosure of all the investments to be disclosed in accordance with the requirements of the policy and the Listing Rules.

Restricted Cash

Our restricted cash consists primarily of cash balances not available for general corporate use, such as credit card deposits or security deposits for and bank acceptance bill. Our restricted cash decreased from US$2.2 million as of December 31, 2022 to nil as of December 31, 2023, primarily due to the release of previously pledged deposits upon expiry or settlement of related financing arrangements and banking facilities. It then increased to US$27.3 million as of December 31, 2024, primarily due to the placement of pledged deposits to secure new financing arrangements and banking facilities to support our operational and growth needs. Our restricted cash decreased to US$25.1 million as of September 30, 2025, mainly due to the slight reduction in pledged loans and margin deposits for bills.

Cash and Cash Equivalents

We had cash and cash equivalents of US$4.7 million, US$206.3 million, US$288.9 million and US$362.6 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. The fluctuation of our cash and cash equivalents positions at each period end was primarily due to the use of cash to support operating activities and funds raised from our financing activities. See "— Cash Burn — Cash Flow Analysis."

LIABILITIES

Current Liabilities

Interest-Bearing Bank Borrowings

Our interest-bearing bank borrowings represent short-term loans obtained from commercial banks to fund working capital and operational expenditures. We did not have any interest-bearing bank borrowings as of December 31, 2022 or 2023. As of December 31, 2024, we recorded US$19.5 million in interest-bearing bank borrowings, primarily as a result of our decision to raise external debt financing to support increasing operational scale and infrastructure requirements. Our interest-bearing bank borrowings decreased to US$19.1 million as of September 30, 2025, primarily due to the repayment of certain secured bank loans during the period.

Trade and Bills Payables

Our trade and bills payables primarily represent payments due to third-party vendors and service providers for the procurement of cloud services. These payables are not interest-bearing and are generally settled within standard credit terms of 30 to 90 days. Our trade and bills payables increased from US$2.4 million as of December 31, 2022 to US$17.2 million as of December 31, 2023, primarily due to increased procurement of cloud and technical services as we ramped up operations. Trade and bills payables further increased to US$51.2 million as of December 31, 2024, mainly driven by increased vendor activities supporting our expanded AI development and enterprise service offerings. Our trade and bills payables further increased to US$70.2 million as of September 30, 2025, primarily due to continued procurement of cloud services to support the ramp-up of our AI development and enterprise service offerings as we scaled up our business and continually increased investment in cloud services related to foundation model training.

The following table sets forth the aging analysis of our trade and bills payables based on the invoice date as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(US$ in thousands)			
Within 1 year	2,394	17,242	51,159	70,219
Over 1 year	–	–	53	–
Total	**2,394**	**17,242**	**51,212**	**70,219**

The following table sets forth our trade and bills payables turnover days for the periods indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(days)			
Trade and bills payables turnover days[(1)]	–	69	74	92

Note:

(1) Trade and bills payables turnover days for a period are calculated as the average of the opening and closing trade and bills payables balances divided by total count of cloud service costs in the cost of sales and cloud service expenses related to training activities in research and development expenses for the relevant period, and then multiplied by the number of days in that period.

Our trade and bills payables turnover days increased from 69 days in 2023 to 74 days in 2024, further increased to 92 days for the nine months ended September 30, 2025, primarily due to improved supply chain management.

As of December 15, 2025, US$50.8 million, or 72.4% of our trade and bills payables outstanding as of September 30, 2025 had been subsequently settled.

Other Payables, Accruals and Other Liabilities

Our other payables, accruals and other liabilities mainly include (i) payroll payables, (ii) other tax payables, (iii) convertible bonds, and (iv) other payables and accruals, which include operational accruals and third-party service-related obligations.

The following table sets forth the details of our other payables, accruals and other liabilities as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(US$ in thousands)			
Payroll payables	1,976	5,469	10,596	9,052
Other tax payables	82	303	644	1,209
Convertible bonds	–	–	14,722	–
Other payables and accruals	268	8,969	25,550	7,061
Total	**2,326**	**14,741**	**51,512**	**17,322**

Our other payables, accruals and other liabilities increased from US$2.3 million as of December 31, 2022 to US$14.7 million as of December 31, 2023, primarily due to (i) an increase in other payables and accruals from US$0.3 million as of December 31, 2022 to US$9.0 million as of December 31, 2023, resulting from reflecting expanded operational activities, marketing spending, and professional services usage as our commercial operations scaled and (ii) an increase in payroll payables from US$2.0 million to US$5.5 million due to headcount expansion and year-end bonus accruals.

Our other payables, accruals and other liabilities increased from US$14.7 million as of December 31, 2023 to US$51.5 million as of December 31, 2024, primarily due to (i) an increase in other payables and accruals from US$9.0 million to US$25.6 million, (ii) an increase in payroll payables from US$5.5 million to US$10.6 million, in line with workforce expansion and increased bonus accruals, and (iii) additional financing activities via convertible bonds, amounting to US$14.7 million.

Our other payables, accruals and other liabilities significantly decreased to US$17.3 million as of September 30, 2025, primarily due to (i) a decrease in other payables and accruals from US$25.6 million as of December 31, 2024 to US$7.1 million as of September 30, 2025, mainly due to the reduced investment in business promotion expenses, and (ii) a decrease in convertible bonds from US$14.7 million as of December 31, 2024 to nil as of September 30, 2025, resulting from redemption of convertible bonds.

As of December 15, 2025, US$9.6 million, or 55.4% of our other payables, accruals and other liabilities outstanding as of September 30, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily consist of short-term advances received from customers for the provision of enterprise services and membership subscriptions. We did not record any contract liabilities as of December 31, 2022. Our contract liabilities increased to US$0.6 million as of December 31, 2023, primarily due to increased advance payments received from customers for membership subscription services rendered at the beginning of 2024. Our contract liabilities further increased to US$1.6 million as of December 31, 2024, mainly due to continued growth in advance receipts for both enterprise service and membership subscriptions booked near the end of the year.

Our contract liabilities increased from US$1.6 million as of December 31, 2024 to US$4.7 million as of September 30, 2025. The increase in contract liabilities was mainly due to continued expansion of both of our monetization channels — AI-native products, as well as Open Platform and other AI-based enterprise services. The significant increase in the number of paying users has led to an increase in the advance payments we received from our individual users and enterprise customers.

As of December 15, 2025, US$1.9 million, or 41.6% of contract liabilities outstanding as of September 30, 2025 had been subsequently settled.

Lease Liabilities

The current portion of our lease liabilities represent payment obligations for office premises due within the next 12 months under lease agreements. Our current lease liabilities increased from US$0.3 million as of December 31, 2022 to US$1.2 million as of December 31, 2023, mainly due to new leases entered into to support our operational expansion. Current lease liabilities further increased to US$2.0 million as of December 31, 2024, primarily due to the reclassification of amounts due under existing leases within one year. Our current lease liabilities decreased to US$1.7 million as of September 30, 2025, primarily due to the repayment of lease liabilities exceeding new lease additions and reallocation of lease obligations from non-current to current liabilities.

Convertible Redeemable Preferred Shares

Our convertible redeemable preferred shares consist of our Series Angel preferred shares to series Pre-B++ preferred shares. These preferred shares are redeemable upon the occurrence of specified events and will be automatically converted into ordinary shares of the Company upon the completion of the [**REDACTED**]. The convertible redeemable preferred shares were classified as current liabilities since the conversion options were not classified as equity and are exercisable at any time at the shareholders' options.

Our convertible redeemable preferred shares increased from US$145.2 million as of December 31, 2022 to US$629.0 million as of December 31, 2023, primarily due to the issuance of Series A and A+ preferred shares totaling US$307.0 million and a US$176.8 million increase in fair value. Our convertible redeemable preferred shares further increased to US$1,581.9 million as of December 31, 2024, mainly driven by the issuance of Series Pre-B and Pre-B+ shares totaling US$739.6 million and additional fair value adjustments of US$213.4 million, reflecting increased valuation of our Group. Our convertible redeemable preferred shares further increased to US$2,321.2 million as of September 30, 2025, primarily due to (i) additional issuances of Series Pre-B+ shares totaling US$35.8 million, (ii) issuances of Series Pre-B++ shares totaling US$390.5 million, and (iii) fair value adjustments of US$313.0 million, reflecting continued increases in our valuation.

See Note 24 to the Accountants' Report in Appendix I to this Document for details of the fair value measurement of our convertible redeemable preferred shares, including the methods and key assumptions used in the measurement.

Non-Current Liabilities

Lease Liabilities

The non-current portion of our lease liabilities represent obligations under office lease agreements with payment terms extending beyond 12 months. Our non-current lease liabilities increased from US$91 thousand as of December 31, 2022 to US$1.9 million as of December 31, 2023, primarily due to the execution of long-term office leases to support headcount growth and operational expansion. Our non-current lease liabilities decreased to US$1.1 million as of December 31, 2024, primarily due to regular lease repayments and reclassification of a portion of the obligations into current liabilities as the maturity dates approached. Our non-current lease liabilities decreased to US$0.9 million as of September 30, 2025, mainly due to the approaching maturity of several long-term lease contracts within one year, leading to a reallocation of lease obligations from non-current to current liabilities.

Other Non-Current Liabilities

Our other non-current liabilities consist of government grants received in relation to our research and development and technology innovation activities. We did not record any such liabilities as of December 31, 2022. Our other non-current liabilities increased to US$1.2 million as of December 31, 2023, primarily due to the recognition of government grants received for ongoing research and development projects which were deferred as income to be recognised when the relevant R&D projects completed. Our other non-current liabilities remained stable at US$1.2 million and US$1.5 million as of both December 31, 2024 and September 30, 2025.

KEY FINANCIAL RATIOS

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Revenue growth	N/A	N/A	782.2%	174.7%
Gross margin	N/A	(24.7%)	12.2%	23.3%
Net loss margin	N/A	(7,781.7%)	(1,524.2%)	(958.2%)
Adjusted net loss margin (non-IFRS measure)	N/A	(2,574.4%)	(800.2%)	(348.6%)
Research and development expenses growth rate	N/A	562.9%	170.0%	30.0%
Current ratio	0.49	0.48	0.47	0.43

Note:

1. Current ratio is calculated based on total current assets divided by total current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements mainly from cash generated from cash received from financing activities. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the net [**REDACTED**] from the [**REDACTED**]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of US$4.7 million, US$206.3 million, US$288.9 million and US$362.6 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively.

CASH BURN

Our cash burn refers to the aggregate amount of (i) net cash used in operating activities, (ii) capital expenditures, and (iii) lease payment. Our historical cash burn was US$11.5 million, US$65.9 million, US$260.7 million and US$211.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Our cash burn increased throughout the Track Record Period primarily due to increases in net cash used in operating activities as we scale up R&D activities.

As of September 30, 2025, our cash balance was US$1,046.2 million, including cash and cash equivalents US$362.6 million, current portion of financial assets at fair value through profit or loss US$644.2 million and unutilised banking facilities US$39.4 million, as they represent available liquidity to fund our operations. The current portion of our financial assets at fair value through profit or loss represents wealth management products we have purchased as part of our cash management policies which will mature within one year or less. They are readily convertible into cash and are hence considered as part of our cash balance. Unutilised banking facilities represent additional committed sources of liquidity that can be drawn to fund operating cash outflows as existing cash resources are utilised. Assuming an average monthly cash burn of US$27.9 million going forward at approximately 1.3 times of the average monthly cash burn of the twelve months ended December 31, 2024, although which is subject to change due to various factors such as our business development or investments in model training activities, we estimate that our cash balance is sufficient for us to operate for approximately [**REDACTED**] months without [**REDACTED**], lasting approximately until [**REDACTED**]. With the estimated net [**REDACTED**] of US$[**REDACTED**] (assuming [**REDACTED**] new shares to be [**REDACTED**] at the [**REDACTED**] of HK$[**REDACTED**] per share, being the low-end of the [**REDACTED**], and the [**REDACTED**] is not exercised, and deducting the estimated [**REDACTED**] expense), our cash is sufficient for us to operate for approximately [**REDACTED**] months with [**REDACTED**], lasting approximately until [**REDACTED**]. The expected average monthly cash burn of US$[**REDACTED**] going forward at approximately 1.3 times of the average monthly cash burn of the twelve months ended December 31, 2024 is primarily due to the expected increase in net cash used in operating activities, especially cash outflow related to increasing R&D expenses as we continue to scale up R&D activities to maintain technology leadership in model intelligence, expected to be partially offset by projected improving operating efficiency and decreasing selling and distribution expenses in the twelve months ending December 31, 2025, primarily driven by the success of our organic user acquisition strategy.

We have demonstrated the initial evidence of improving profitability. As we continue to roll out top ranking AI-native products and optimize model inference cost, we have significantly improved our gross profit margin, from negative 24.7% in 2023 to 12.2% in 2024, and further to 23.3% in the nine months ended September 30, 2025. Unit gross profit of our AI-native products per MAU increased by 129.5% from the nine months ended September 30, 2024 to the same period in 2025. We have also improved our training efficiency and scalability of our infrastructure, as our R&D expenses as a percentage of revenue have decreased significantly, from over 2,000% in 2023 to 619.1% in 2024, and further decreased from 712.9% in the nine months ended September 30, 2024 to 337.4% in the nine months ended September 30, 2025. The aforementioned trends align with the key features of our recently released foundation models. Launched in June 2025, for example, MiniMax-M1 demonstrates improvements in cost-efficiency across both model training and inference phases. With respect to model training, MiniMax-M1 achieves its cost-efficiency through two key innovations. The primary innovation is CISPO (Clipped IS-weight Policy Optimization), a novel algorithm that materially improves the efficiency of reinforcement learning, a critical component for foundation model training. Comparative tests demonstrate CISPO's superiority over peer-developed reinforcement learning algorithms. In addition, MiniMax-M1's "hybrid-attention" design, a refined approach to processing training data, inherently facilitates the scaling of reinforcement learning. As a direct result of these advancements, the reinforcement learning training for MiniMax-M1 was completed within approximately three weeks, achieving significantly lower costs than most industry peers. Regarding model inference, MiniMax-M1 is powered by a hybrid MoE architecture combined with a "Lightning Attention". This variation of Linear Attention is posited to significantly reduce the computational resources required during the model inference stage. As a result, while achieving top-tier model performance among open-source foundation models, MiniMax-M1 concurrently offers the industry's best cost-effectiveness.

Cash Flow Analysis

The following table sets forth our cash flows for the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
			(US$ in thousands)		
Net cash flows used in operating activities	(11,019)	(64,455)	(258,483)	(195,596)	(209,396)
Net cash flows used in investing activities	(35,156)	(40,320)	(431,300)	(630,463)	(126,231)
Net cash flows generated from financing activities	49,786	306,243	771,092	718,827	407,913
Net increase/ (decrease) in cash and cash equivalents	**3,611**	**201,468**	**81,309**	**(107,232)**	**72,286**
Cash and cash equivalents at the beginning of the year/period	994	4,691	206,295	206,295	288,912
Effect of foreign exchange differences, net	86	136	1,308	500	1,449
Cash and cash equivalents at the end of the year/period	**4,691**	**206,295**	**288,912**	**99,563**	**362,647**

Net Cash Flows Used in Operating Activities

Net cash flows used in operating activities in the nine months ended September 30, 2025 was US$209.4 million, which primarily consists of loss before tax of US$512.0 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) a fair value loss on financial liabilities of US$313.5 million, and (ii) Share-based payment expenses of US$8.6 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills payables of US$19.0 million, and (ii) an increase in contract liabilities of US$3.1 million, partially offset by a decrease in other payables, accruals and other liabilities of US$22.9 million.

Net cash flows used in operating activities in 2024 was US$258.5 million, which primarily consists of loss before tax of US$465.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include fair value loss on financial liabilities of US$214.2 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills payables of US$34.0 million, and (ii) an increase in other payables, accruals and other liabilities of US$21.0 million, partially offset by an increase in restricted cash of US$27.3 million.

Net cash flows used in operating activities in 2023 was US$64.5 million, which consists primarily of loss before tax of US$269.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include fair value loss on financial liabilities of US$176.8 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills payables of US$14.8 million, and (ii) an increase in other payables, accruals and other liabilities of US$12.6 million, partially offset by an increase in prepayments, other receivables and other assets of US$4.2 million.

Net cash flows used in operating activities in 2022 was US$11.0 million, which consists primarily of loss before tax of US$73.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) fair value loss on financial liabilities of US$60.5 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in other payables, accruals and other liabilities of US$2.2 million, and (ii) an increase in trade and bills payables of US$2.4 million, partially offset by an increase in prepayments, other receivables and other assets of US$0.5 million.

We are still at a nascent stage in terms of monetization and commercialization as historically we have been largely focused on developing and training our AI foundation models, growing our customer base, and expanding our AI-native product suite, rather than seeking immediate financial return or profitability, thus incurring net operating cash outflows throughout the Track Record Period. It is industry norm that the initial research and training of foundation model will take approximately 2-3 years, where investment in research and development is needed (mainly the cloud and services expenses related to training) before the models and products could generate commercial value in scale. In 2023, 2024 and the nine months ended September 30, 2025, our cloud services expense related to training were US$47.2 million, US$140.6 million and US$142.4 million. As model intelligence continues to elevate and gradually unlock more application scenarios, we have been gradually monetizing our models and products. For example, we commenced revenue generation of Open Platform in May 2023, Talkie in June 2023, Hailuo AI in October 2024, and MiniMax in January 2025.

As we scaled up operations, our revenue increased from US$3.5 million in 2023 to US$30.5 million in 2024, and for the nine months ended September 30, 2025, our revenue further increased to US$53.4 million, compared to US$19.5 million in the nine months ended September 30, 2024. We also significantly improved our gross profit margin, from negative 24.7% in 2023 to 12.2% in 2024, and further to 23.3% in the nine months ended September 30, 2025, primarily driven by advancement in the intelligence level of our models, improved model and system efficiency, optimization of infrastructure allocation, and increased scale of revenue relative to compute intensity, in line with our strategy to enhance efficiency of our AI infrastructure. As a result, we significantly narrowed our adjusted net loss (non-IFRS measure) as a percentage of revenue, from over 2,500% in 2023 to 800.2% in 2024 and further to 348.6% in the nine months ended September 30, 2025.

In the future, we aim to continue to enhance our profitability and improve our net operating cash outflows position through the following focus areas: (i) leveraging the rapid growth of the foundation model industry, (ii) continuing to enhance foundation model intelligence levels, (iii) enhancing the affordability of our AI technologies, (iv) broadening monetization of our AI-native product suite, and (v) optimizing organizational efficiency and scalability. Please refer to "Path to the Commercialization of our Specialist Technology Products" for our detailed strategies.

Net Cash Flows Used in Investing Activities

Net cash flows generated from investing activities in the nine months ended September 30, 2025 was US$126.2 million, which consists primarily of (i) purchase of financial assets at amortized cost of US$2,380.3 million, and (ii) purchases of financial assets at fair value through profit or loss of US$1,822.8 million, partially offset by (i) proceeds from disposal of financial assets at amortized cost of US$2,531.5 million, and (ii) proceeds from disposal of financial assets at fair value through profit or loss of US$1,519.4 million.

Net cash flows used in investing activities in 2024 was US$431.3 million, which consists primarily of (i) purchases of financial assets at fair value through profit or loss of US$2,210.4 million and (ii) purchase of financial assets at amortised cost of US$1,121.8 million, partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of US$1,851.3 million and (ii) proceeds from disposal of financial assets at amortised costs of $982.4 million.

Net cash flows used in investing activities in 2023 was US$40.3 million, which consists primarily of (i) placement of time deposits of US$90.4 million and (ii) purchases of financial assets at fair value through profit or loss of US$85.3 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of US$136.1 million.

Net cash flows used in investing activities in 2022 was US$35.2 million, which consists primarily of purchases of financial assets at fair value through profit or loss of US$46.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of US$11.1 million.

Net Cash Flows Generated from Financing Activities

Net cash flows generated from financing activities in the nine months ended September 30, 2025 was US$407.9 million, which consists primarily of proceeds from issuance of convertible redeemable preferred shares of US$426.3 million.

Net cash flows generated from financing activities in 2024 was US$771.1 million, which consists primarily of proceeds from issuance of convertible redeemable preferred shares of US$739.6 million.

Net cash flows generated from financing activities in 2023 was US$306.2 million, which consists primarily of proceeds from issuance of convertible redeemable preferred shares of US$307.0 million.

Net cash flows generated from financing activities in 2022 was US$49.8 million, which consists primarily of proceeds from issuance of convertible redeemable preferred shares of US$50.0 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
			(US$ in thousands)		
Workforce employment(1)	4,406	15,861	38,270	30,793	43,397
R&D costs(2)	2,697	37,517	114,622	93,120	131,872
Direct procurement costs(3)	–	3,767	23,562	13,545	36,855
Marketing and promotion expenses(4)	347	14,355	70,791	52,397	53,492
Administrative expenses(5)	1,571	3,426	6,799	3,146	7,908
Non-income taxes and other charges	5	27	43	31	87
Total	**9,026**	**74,953**	**254,087**	**193,032**	**273,611**

Notes:

(1) Cash operating costs relating to workforce employment represent the sum of employee benefit expenses under R&D expenses, administrative expenses, cost of sales and selling and marketing expenses (excluding share-based compensation which is non-cash in nature), adjusted for changes in working capital relating to employee benefit expenses as of previous and current year end under the above operating expenses.

(2) R&D costs under cash operating costs represent R&D expenses (excluding employee benefit expenses and non-cash items under R&D expenses), adjusted for changes in working capital relating to R&D activities as of previous and current year end.

(3) Cash operating costs relating to direct procurement costs, including cloud services related to inference, as well as platform commission fees, adjusted for changes in working capital relating to cost of sales as of previous and current year end.

(4) Cash operating costs relating to marketing and promotion expenses represent selling and marketing expenses (excluding employee benefit expenses and non-cash items under selling and marketing expenses), adjusted for changes in working capital relating to sales and marketing activities as of previous and current year end.

(5) Cash operating costs relating to administrative activities represent administrative expenses (excluding employee benefit expenses and non-cash items under administrative expenses), adjusted for changes in working capital relating to administrative activities as of previous and current year end.

Net Current Assets/Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000* *(unaudited)*
Current Assets					
Trade receivables	–	1,338	6,982	8,063	9,283
Prepayments, other receivables and other assets	569	4,378	13,470	11,811	15,038
Financial assets at amortized costs	–	–	147,444	–	30,006
Financial assets at fair value through profit or loss	65,791	15,802	295,220	644,154	731,855
Time deposits	–	91,698	26,327	–	13,744
Restricted cash	2,221	–	27,293	25,097	18,744
Cash and cash equivalents	4,691	206,295	288,912	362,647	191,619
Total current assets	**73,272**	**319,511**	**805,648**	**1,051,772**	**1,010,289**
Current liabilities					
Interest-bearing bank borrowings	–	–	19,455	19,102	14,130
Trade and bills payables	2,394	17,242	51,212	70,219	62,121
Other payables, accruals and other liabilities	2,326	14,741	51,512	17,322	21,950
Contract liabilities	–	559	1,553	4,657	6,876
Lease liabilities	349	1,248	1,964	1,694	1,688
Convertible redeemable preferred shares	145,175	629,001	1,581,949	2,321,193	3,091,653
Total current liabilities	**150,244**	**662,791**	**1,707,645**	**2,434,187**	**3,198,418**
Net current liabilities	**(76,972)**	**(343,280)**	**(901,997)**	**(1,382,415)**	**(2,188,129)**

Our net current liabilities increased from US$77.0 million as of December 31, 2022 to US$343.3 million as of December 31, 2023, primarily due to (i) an increase in convertible redeemable preferred shares from US$145.2 million as of December 31, 2022 to US$629.0 million as of December 31, 2023, reflecting new issuances of preferred shares and additional fair value changes, (ii) a decrease in financial assets at fair value through profit or loss from US$65.8 million as of December 31, 2022 to US$15.8 million as of December 31, 2023, mainly attributable to a partial redemption of previously held liquid financial products and reallocation of capital, (iii) an increase in trade and bills payables from US$2.4 million as of December 31, 2022 to US$17.2 million as of December 31, 2023, primarily due to higher procurement of cloud services, and (iv) an increase in other payables, accruals and other liabilities from US$2.3 million as of December 31, 2022 to US$14.7 million as of December 31, 2023 as we scaled up operations, partially offset by (i) an increase in cash and cash equivalents from US$4.7 million as of December 31, 2022 to US$206.3 million as of December 31, 2023, and (ii) the recognition of time deposits of US$91.7 million, which did not exist in 2022.

Our net current liabilities increased from US$343.3 million as of December 31, 2023 to US$902.0 million as of December 31, 2024, primarily due to (i) an increase in convertible redeemable preferred shares from US$629.0 million as of December 31, 2023 to US$1,581.9 million as of December 31, 2024 as we completed further rounds of equity financing in 2024 and recognised fair value changes, (ii) an increase in trade and bills payables from US$17.2 million as of December 31, 2023 to US$51.2 million as of December 31, 2024, primarily due to increased service received, and (iii) an increase in other payables, accruals and other liabilities from US$14.7 million as of December 31, 2023 to US$51.5 million as of December 31, 2024. This was partially offset by (i) an increase in financial assets at fair value through profit or loss from US$15.8 million as of December 31, 2023 to US$295.2 million as of December 31, 2024, mainly attributable to increased investment in structured wealth management products, and (ii) an increase in financial assets at amortized costs from nil as of December 31, 2023 to US$147.4 million as of December 31, 2024, as we began investing in fixed-income instruments.

Our net current liabilities increased from US$902.0 million as of December 31, 2024 to US$1,382.4 million as of September 30, 2025, primarily due to (i) an increase in convertible redeemable preferred shares from US$1,581.9 million as December 31, 2024 to US$2,321.2 million as of September 30, 2025, mainly due to the increase in the fair value of our preferred share, reflecting our enhanced operating performance and business prospect and issuance of Series Pre-B++ shares, and (ii) a decrease in financial assets at amortized cost from US$147.4 million as of December 31, 2024 to nil as of September 30, 2025, primarily attributable to the maturity and subsequent redemption of certain short-term investments, and (iii) an increase in trade and bills payables from US$51.2 million as of December 31, 2024 to US$70.2 million as of September 30, 2025, primarily driven by the increased procurement of goods and services as well as increased spending on cloud services for model training to support our business expansion. This was partially offset by (i) an increase in financial assets at fair value through profit or loss from US$295.2 million as of December 31, 2024 to US$644.2 million as of September 30, 2025, primarily due to our increased investment amount in diversified financial instruments, and (ii) a decrease in other payables, accruals and other liabilities from US$51.5 million as of December 31, 2024 to US$17.3 million as of September 30, 2025, mainly attributable to the repayment of convertible bonds and the reduction in marketing activities and procurement expenses.

Our net current liabilities increased from US$1,382.4 million as of September 30, 2025 to US$2,188.1 million as of November 30, 2025, primarily due to (i) an increase in convertible redeemable preferred shares from US$2,321.2 million as of September 30, 2025 to US $3,091.7 million as of November 30, 2025 mainly due to the increase in the fair value of our preferred share, reflecting our enhanced operating performance and business document, (ii) a decrease in cash and cash equivalents from US$362.6 million as of September 30, 2025 to US$191.6 million as of November 30, 2025 mainly due to reallocation of capital to financial assets at fair value through profit or loss. This was partially offset by (i) an increase in financial assets at amortized costs from nil as of September 30, 2025 to US$30.0 million as of November 30, 2025 as we continued to deploy available funds into stable yield-generating instruments in accordance with our cash management strategy, and (ii) an increase in financial assets at fair value through profit or loss from US$644.2 million as of September 30, 2025 to US$731.9 million as of November 30, 2025.

As of November 30, 2025, we had net current liabilities of US$2,188.1 million, primarily because of convertible redeemable preferred shares totaling US$3,091.7 million, which are classified as current liabilities. Nevertheless, as these convertible redeemable preferred shares will be re-designated from financial liabilities to equity as a result of the automatic conversion into ordinary shares upon [**REDACTED**], our net current liabilities position will turn into a net current assets position. Looking forward, we expect our net current liabilities position to improve through a combination of the following measures: (i) upon [**REDACTED**], all of our outstanding Preferred Shares currently classified as current liabilities will be converted into ordinary shares and reclassified as equity, which is expected to result in a net current assets position; (ii) the estimated net [**REDACTED**] from the [**REDACTED**] will further strengthen our cash and bank balances and may be applied, where appropriate, to fund our working capital needs, including the settlement of current operating liabilities as they fall due; (iii) as we continue to scale the commercialization of our foundation models and AI-native products, we expect increasing cash inflows from usage-based and contract-based revenue, which, together with disciplined cost management, are expected to improve our operating cash flows; and (iv) we will continue to actively manage our working capital by, among others, enhancing our billing and collection processes, encouraging upfront or periodic prepayments for certain enterprise solutions where commercially appropriate, and negotiating appropriate payment terms with major suppliers and service providers, so as to maintain a sufficient level of cash and near-cash financial assets (such as short-term fixed income products) to meet our current liabilities when due.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000 (unaudited)*
Current					
Interest-bearing bank borrowings	–	–	19,455	19,102	14,130
Lease liabilities	349	1,248	1,964	1,694	1,688
Convertible bonds included in other payables, accruals and other liabilities	–	–	14,722	–	–
Convertible redeemable preferred shares	145,175	629,001	1,581,949	2,321,193	3,091,653
Non-Current					
Lease liabilities	91	1,912	1,059	937	738
Total	**145,615**	**632,161**	**1,619,149**	**2,342,926**	**3,108,209**

For details of our interest-bearing bank and other borrowings and lease liabilities during the Track Record Period, see "— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position". As of November 30, 2025, our committed unutilized bank facilities amounted to US$44.9 million. During the Track Record Period and up to the date of this Document, we did not have any contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenants that would have a material and adverse effect on our ability to obtain additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Additionally, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, nor any withdrawal of facilities or requests for early repayment.

Except as otherwise disclosed under the sections titled "— Indebtedness" and "— Contractual Obligations," as of November 30, 2025, the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities, guarantees, or other material contingent liabilities. Our Directors confirm that there have been no material changes in our indebtedness since November 30, 2025 and up to the date of this Document.

RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, we did not capitalize internal development costs as intangible assets. The following table sets forth our annual and total research and development expenditure for the periods indicated

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
			(US$ in thousands)		
Research and development expenses	10,560	70,002	188,979	138,684	180,312
Adjustments:					
Add: intangible assets acquired from third parties and capitalized[(1)]	–	–	–	–	–
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	–	–	–	–	–
Annual research and development expenditure	10,560	70,002	188,979	138,684	180,312
Total research and development expenditure for the three financial years prior to the [REDACTED]			**269,541**		

The following table sets forth our annual and total operating expenditure for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
			(US$ in thousands)		
Research and development expenses	10,560	70,002	188,979	138,684	180,312
Selling and distribution expenses	587	22,827	86,995	53,389	39,325
Administrative expenses	3,213	7,615	14,384	9,610	22,074
Adjustments:					
Add: intangible assets acquired from third parties and capitalized	–	–	–	–	–
Less: amortization expense of capitalized intangible assets included in research and development expenditure	–	–	–	–	–
Total operating expenditure for the three financial years prior to the [REDACTED]			**405,162**		

The following table sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
			(US$ in thousands)		
Annual research and development expenditure ratio(1)	73.5%	69.7%	65.1%	68.8%	74.6%
Total research and development expenditure ratio(2)			**66.5%**		

(1) Calculated by dividing annual research and development expenditure by annual total operating expenditure.

(2) Calculated by dividing total research and development expenditure for the three financial years prior to the [**REDACTED**] by total operating expenditure for the three financial years prior to the [**REDACTED**].

CAPITAL EXPENDITURES

Our historical capital expenditures primarily consist of expenditures for plant and equipment, specifically leasehold improvements and office equipment. The following table sets forth our capital expenditures for the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
	(US$ in thousands)				
Property, Plant and Equipment	256	697	759	496	479
Total	**256**	**697**	**759**	**496**	**479**

We will continue to make capital expenditures to support the expected growth of our business and our expansion plans. We intend to fund these future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our financing activities and net [**REDACTED**] from the [**REDACTED**].

CONTRACTUAL OBLIGATIONS

Capital Commitments

We did not have significant capital commitments as of December 31, 2022, 2023, 2024 and September 30, 2024 and 2025.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 29 to the Accountants' Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 29 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of market and other financial risks, including foreign currency risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Such exposures arise from sales and purchases by operating units in currencies other than the units' functional currencies. We seek to limit our exposure to foreign currency risk by minimising its net foreign currency position.

Credit risk

We trade only with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity risk

We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities. The liquidity of us is primarily dependent on our ability to maintain adequate cash inflows from operations to meet our debt obligations as they fall due, and our ability to obtain external financing to meet our committed future capital expenditure.

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. After the Track Record Period and up to the date of this Document, we did not declare any dividends to our Shareholders.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles and the Cayman Companies Act. We currently do not have any dividend policy to guide our dividends declaration or payments. Our board of directors has the discretion to pay interim dividends and to recommend to Shareholders to pay final dividends, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. We may by ordinary resolution resolve to declare dividends in any currency and authorize payment of the dividends out of the funds of the Company that are lawfully available, provided that (i) no dividends shall exceed the amount recommended by our Board and (ii) no dividends shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or as otherwise permitted by law. As advised by our Cayman Islands legal advisor, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits and/or a share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this Document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year. As advised by our Cayman Islands legal advisor, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of net liabilities does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our memorandum and articles of association do not prohibit such payment and our Company is able to pay its debts as they fall due in the ordinary course of business immediately after such payment.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. See "Risk Factors — Risks Related to Doing Business in the Geographic Markets in Which We Operate" in this Document.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account (i) the financial resources available to our Group, including the cash and cash equivalents of US$362.6 million as well as the current portion of financial assets at fair value through profit and loss US$644.2 million, as of September 30, 2025, (ii) the estimated net [**REDACTED**] from the [**REDACTED**] and (iii) expected net cash used in operating activities and capital expenditures, we have sufficient working capital to cover at least 125% of our costs, including research and development costs and administrative expenses for the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our Company did not have any distributable reserves.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) [**REDACTED**]-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] range and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**]-related expenses of HK$[**REDACTED**], professional fees for our legal advisors and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. During the Track Record Period, the [**REDACTED**] expenses charged to our consolidated statements of profit or loss were US$[**REDACTED**] (HK$[**REDACTED**]) and the issuance costs which were recognized as prepayments and are expected to be deducted from equity upon the [**REDACTED**], were US$[**REDACTED**] (HK$[**REDACTED**]). After the Track Record Period approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since September 30, 2025, being the end date of the periods reported on in the Accountants' Report set out in Appendix I to this Document, and there had been no event since September 30, 2025, that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.