
SUMMARY

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this Document. You should read the section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this Document.

OVERVIEW

Who We Are

We are a global premium consumer-tech brand that empowers digital-to-physical creation. We are the No. 1 global laser-based personal creative tools brand, with a 37% market share in terms of GMV in the first nine months of 2025. We are also the largest and fastest-growing laser engraver and laser cutter brand, with a 47% market share in terms of GMV in the first nine months of 2025 — six times that of the second-largest player and surpassing the combined market shares of brands ranked second through tenth. Our tech-enabled product portfolio includes laser-based personal creative tools, material printers, user-friendly software, and accessories and consumables that help creators bring their ideas to life with confidence.

At xTool, we empower people to explore and exceed their creative potential — turning imagination into meaningful creations that deliver emotional fulfillment, commercial success, and a strong sense of personal achievement.

Since launching our first diode laser engraver and laser cutter in 2021, our products have rapidly gained global traction, with a total of more than 405,000 connected machines deployed worldwide as of September 30, 2025. As our product portfolio has grown and our brand has become increasingly recognized by creators around the world, our aspiration to become a global leader in personal creative tools has likewise strengthened — driven by our mission to redefine physical-world creativity through the power of technology.

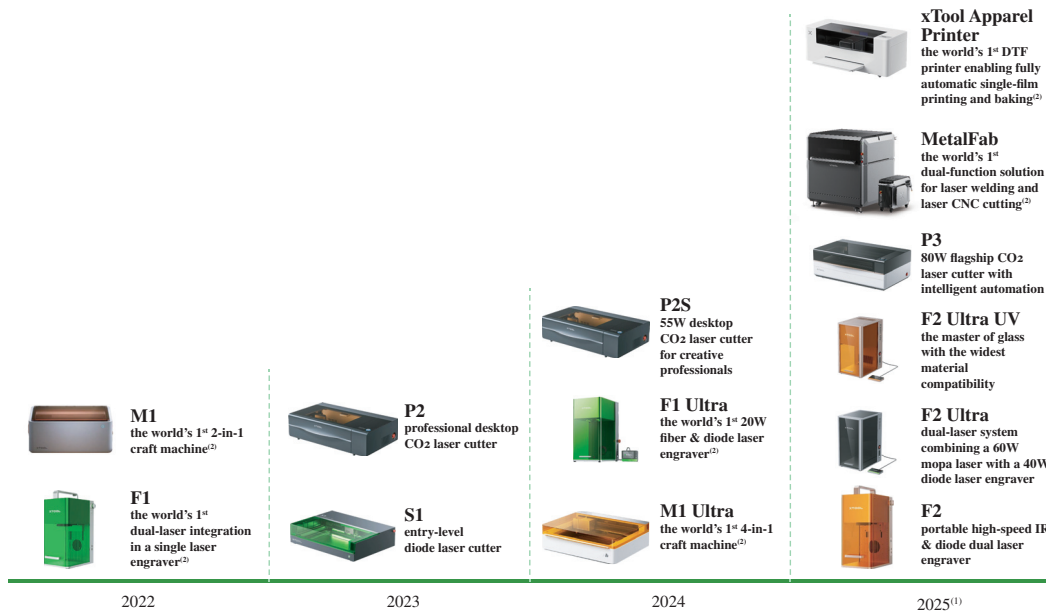
SUMMARY

Our Product Offerings and Business Model

We develop and sell laser-based personal creative tools and material printers, as well as compatible accessories and consumables to our customers which mainly include individual consumers, SMB owners and retail brand stores. These tech-enabled products help them transform ideas into precise and high-quality products with efficiency and creativity. As of Latest Practicable Date, our products had been sold to over 80 countries and regions. During the Track Record Period, laser-based personal creative tools constituted our core product offerings, which include laser engravers and laser cutters, and laser welders and CNC (Computerized Numerical Control) cutters. Building on success in our laser-based products, we started to sell apparel printers in 2025 as part of our new material printers business line. This launch marks the starting point of a wider product roadmap, under which we plan to roll out additional material printers and complementary solutions to further enrich our product portfolio. In addition to our core machine product offerings, we also sell a variety of consumables that complement our core product lines and drive customer repurchases.

Our products are highly intelligent. We offer users our flagship software, xTool Studio, on a freemium basis, as an all-in-one desktop software designed to streamline the entire creative workflow – from designing to engraving, cutting and printing. The software features a clean, navigable interface with a centralized homepage showcasing trending projects recommended templates, and incorporates AIMake, a creative agent designed to enable users to effortlessly generate ready-to-make project designs. xTool Studio supports precise project customization and real-time processing preview.

The following diagrams illustrate our key product offering milestones:



Notes:

- (1) As of the Latest Practicable Date
- (2) According to CIC

SUMMARY

During the Track Record Period, we generated the vast majority of our revenue from sales of laser-based personal creative tools and accessories and established ourselves as the world’s No. 1 brand in terms of GMV in the first nine months of 2025 in this product category. In 2025, we launched our apparel printer as part of our material printers offering and achieved rapid revenue growth in this new product category. During the same periods, we also recorded growth in the sales of our consumables, which organically complemented our core product sales.

Revenue by Geographical Market

The following table sets forth a breakdown of our total revenue by geographical market in absolute amounts and as a percentage of total revenue for the periods indicated:

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i> <i>(unaudited)</i>	%	<i>RMB</i> <i>(unaudited)</i>	%
	<i>(in thousands, except for percentages)</i>							
United States	897,943	61.6	1,421,096	57.4	882,590	58.9	972,882	54.8
Europe	331,339	22.8	698,974	28.2	391,281	26.1	537,860	30.3
Other regions*	227,354	15.6	355,791	14.4	224,496	15.0	265,924	14.9
Total	<u>1,456,636</u>	<u>100.0</u>	<u>2,475,861</u>	<u>100.0</u>	<u>1,498,367</u>	<u>100.0</u>	<u>1,776,666</u>	<u>100.0</u>

Note:

* mainly include Chinese Mainland, Canada and Australia

SUMMARY

By Sales Channel

The following table sets forth a breakdown of our total revenue by sales channel in absolute amounts and as a percentage of total revenue for the periods indicated. Revenue generated through our official websites is derived exclusively from markets outside Chinese Mainland.

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
					<i>(unaudited)</i>		<i>(unaudited)</i>	
					<i>(in thousands, except for percentages)</i>			
Our official websites	774,151	53.1	1,538,552	62.1	912,866	60.9	1,085,994	61.1
Third-party e-commerce platform	459,922	31.6	583,383	23.6	352,679	23.5	376,181	21.2
Offline	222,563	15.3	353,926	14.3	232,822	15.6	314,491	17.7
Total	<u>1,456,636</u>	<u>100.0</u>	<u>2,475,861</u>	<u>100.0</u>	<u>1,498,367</u>	<u>100.0</u>	<u>1,776,666</u>	<u>100.0</u>

Market Opportunities

According to CIC, the global market for tech-enabled personal creative tools, which can be divided into additive tools and non-additive tools, is expected to grow at a CAGR of 33.8% from 2024 to 2030, reaching US\$39.1 billion in GMV. Additive tools generally refer to 3D printers, and non-additive tools consist of (i) laser-based personal creative tools; (ii) material-printing tools (mainly based on DTF, DTG and UV technologies); and (iii) other tools such as CNC cutters and craft cutters. Advances in precision, portability, and intelligent capabilities across laser engraving, cutting, DTF, and UV technologies are driving the industry into a new era of creative empowerment and tremendous growth.

Compelling Product Value Propositions

xTool stands for creativity, craftsmanship, and emotional connection. Our premium brand position is supported by the value we deliver:

- **Generational Leader in Performance:** We deliver high-quality, precise, and reliable results that reduce trial-and-error and maximize output.
- **Versatile Material Compatibility:** Our products support a wide range of materials, enabling diverse creative and commercial applications across multiple use cases.
- **Comprehensive Service & Software:** Users benefit from intuitive software, responsive after-sales support, and easily accessible learning resources.

SUMMARY

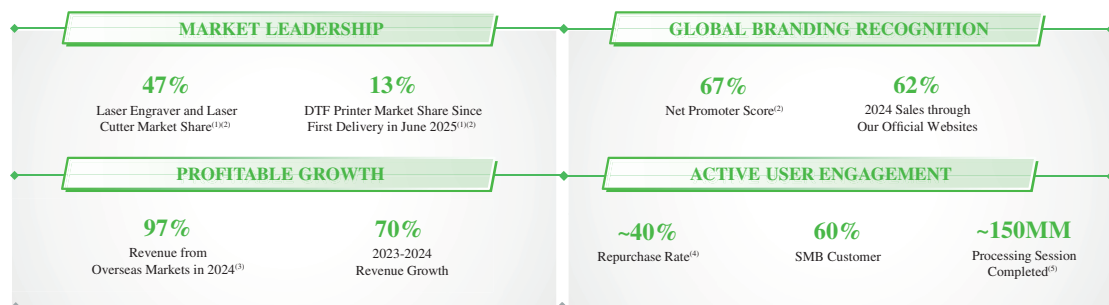
- **Vibrant Overseas Community Ecosystem:** Our active and engaging overseas community inspires, connects, and supports users throughout their creative journey. We listen closely to customer feedback — our CEO regularly hosts livestreams and interacts with users on social media platforms in real time.
- **Business Enablement:** xTool empowers users, especially SMB owners, to efficiently launch and scale creative ventures. Our products are designed for fast return on investment, combining ease of use, professional-grade output, and integrated software support. Many users have successfully transformed their creative passions into sustainable businesses.

Community-based Brand Strategy

We have built a brand that empowers consumers, SMB owners, and retailers worldwide. Many users start with a single project and quickly scale to launch side businesses, expand product lines, and streamline production. According to CIC, 80% of users operate our machines at least monthly and 40% use them daily. Today, over 212,000 active users engage across Atomm, with strong adoption in North America and Europe and accelerating momentum in Asia. As of September 30, 2025, more than 40 thousand pieces of work had been shared on Atomm, our self-operated user community. Their shared work and interactions drive organic awareness, trust, and loyalty. This user energy fuels our innovation, amplifies our reach, and sustains our success.

To further deepen our connection with the user community, we have pioneered a unique, asset-light demo room model. Experienced users open their studios and homes to host live demos, offer hands-on training, and provide peer-to-peer support, forming our “xTool Squad” offline community. As of September 30, 2025, we partnered with our user-hosts to establish 470 xTool Squad across 32 countries. According to the CIC, 50% of our users tried our products offline before making a purchase decision. These community-led spaces serve as local hubs of creativity and education, enhancing our brand image by turning users into user-hosts.

Our Achievement



Notes:

- (1) According to CIC
- (2) In terms of GMV in nine months ended September 30, 2025
- (3) Defined as revenue generated from markets outside of Chinese Mainland
- (4) Percentage of customers we acquired since 2022 that made more than one purchase of our products through our official websites, as of October 31, 2025
- (5) Processing session completed as of November 18, 2025 since 2022

SUMMARY

We are a fast-growing, scaled, and profitable business. In 2023, 2024 and the first nine months of 2024 and 2025, we generated:

- **Revenue** of RMB1,456.6 million, RMB2,475.9 million, RMB1,498.4 million, and RMB1,776.7 million, representing growth of 70.0% in 2024 compared to 2023 and 18.6% in the first nine months of 2025 compared to the same period in 2024; and
- **Adjusted net profit** (non-IFRS) of RMB183.1 million, RMB258.5 million, RMB128.8 million and RMB172.3 million, with adjusted net profit margin of 12.6%, 10.4%, 8.6% and 9.7%, respectively. For the calculation of adjusted net profit (non-IFRS), please see “Financial Information — Summary of Key Financial Information — Non-IFRS Measure.”

Our strong brand equity is reflected in high repurchase rates, outstanding net promoter score (“NPS”), and premium pricing. Our products are typically priced 10% – 30% higher than the comparable feature sets, underscoring our premium positioning and superior value. We benefit from strong organic customer interest in our brand and top-of-mind awareness — since 2023, “xTool” has consistently outperformed generic category terms on Google Search, with search interest rising approximately 50% from 2022 to 2024.

Our product suite already empowers hundreds of thousands of active creators worldwide, giving individuals and SMB owners versatile tools for personalized production. We see substantial growth potential among a wider base of hobbyists, emerging entrepreneurs, and professionals seeking new ways to create, share, and monetize their ideas. With strong organic engagement across our community platforms and a rapidly expanding pool of first-time users, we are uniquely positioned to scale further.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have enabled us to quickly become an industry leader and establish strong brand recognition and customer loyalty in the global tech-enabled personal creative tools market.

- Continually delivering game-changing products with precise positioning.
- Technology leadership defining industry standards.
- Global premium brand awareness with direct influence on sales engagement.
- Community-driven ecosystem driving organic growth and user loyalty.
- Diverse revenue streams rooted in deepened user engagement.
- Resilient and visionary management team.

SUMMARY

OUR GROWTH STRATEGIES

We intend to achieve our mission and further solidify our unique position by pursuing the following strategies:

- Solidify technology leadership
- Expand product portfolio
- Strengthen brand and grow user community
- Accelerate global expansion with localized expertise
- Drive operational excellence and supply chain resilience

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of (i) individual consumers who use our products for personal passion and creative pursuits; (ii) SMB owners who leverage our products to develop side business or entrepreneurial ventures; (iii) selected retail brand stores; and (iv) third-party distributors to whom we sell our products. In 2023, 2024, and the nine months ended September 30, 2025, the aggregate revenue generated from our five largest customers in each year/period was RMB54.6 million, RMB87.8 million and RMB88.2 million, representing 3.7%, 3.5% and 5.0% of our revenue, respectively. Revenues generated from our largest customer in each year/period were RMB16.0 million, RMB26.8 million and RMB32.1 million, representing 1.1%, 1.1% and 1.8% of our revenue, respectively.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our five largest customers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers. During the Track Record Period and up to the Latest Practicable Date, each of our top five customers are independent from each other.

OUR SUPPLIERS

In 2023, 2024, and the nine months ended September 30, 2025, the aggregate purchase amounts from our five largest suppliers in each year/period were RMB414.0 million, RMB589.8 million and RMB453.7 million, representing 38.5%, 33.8% and 28.6% of our total purchase amount, respectively. The purchase amounts from our largest supplier in each year/period were RMB133.2 million, RMB176.0 million and RMB125.6 million, representing 12.4%, 10.1% and 7.9% of our total purchase amount, respectively.

SUMMARY

During the Track Record Period, we did not experience any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers. As of the Latest Practicable Date, our five largest suppliers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, each of our top five suppliers are independent from each other.

OUR SINGLE LARGEST SHAREHOLDERS

Immediately prior to the [REDACTED], Mr. Wang, our founder, chairman of the Board, chief executive officer and executive Director, is entitled to exercise the voting rights of approximately 31.38% of the total issued share capital of our Company through WRC Vitality Eager Limited, a company which is owned as to 88.06%, 10.94% and 1% by Freedom EvoTech Limited, JinQiu Tenacity Ltd and Fly EvoTech Limited, respectively. Freedom EvoTech Limited is wholly held by Vistra Trust (Singapore) Pte. Limited as trustee of the Freedom EvoTech Trust, a discretionary trust established by Mr. Wang as the settlor and protector, and of which Fly EvoTech Limited, which is wholly owned by Mr. Wang, is the beneficiary.

Immediately following the completion of the [REDACTED] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming the [REDACTED] is not exercised), Mr. Wang will be entitled to exercise the voting rights of approximately [REDACTED]% of the total issued share capital of our Company through WRC Vitality Eager Limited.

Accordingly, WRC Vitality Eager Limited, Freedom EvoTech Limited, Fly EvoTech Limited and Mr. Wang are the Single Largest Shareholders of our Company.

[REDACTED] INVESTMENTS

We obtained multiple rounds of investments from the [REDACTED] Investors which include venture capital funds and institutional investors. For details, see “History, Reorganization and Corporate Structure”.

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your [REDACTED]. Some of the major risks we face include:

- Our business success hinges on our capacity to consistently deliver new products on schedule, with compelling features and performance that deliver value to our customers and align with, or even anticipate, key shifts in the industry landscape.

SUMMARY

- Failure to identify shifting consumer preferences, respond to evolving market demand, develop new products aligned with evolving consumer needs, or effectively compete with our competitors may materially and adversely affect our business operations and financial performance.
- If we fail to keep up with technological advancements, adapt our technology to emerging industry standards, or achieve successful and effective outcomes from our new technology investments, our business may be materially and adversely affected.
- Failure to effectively maintain, promote, and enhance our brand could undermine our business and competitive advantages.
- We may fail to maintain sufficient production capacity, and even if our production expansion projects proceed as planned, timely or full achievement of the anticipated production output increase remains uncertain.
- The industries that we operate in are highly competitive. Failure to compete effectively or launch our new products may materially and adversely affect our market share and profitability.
- We purchase certain key raw materials from third parties, and we may not be able to secure our supply of such key raw materials in a stable and timely manner.
- Our reliance on our official websites exposes us to risks related to platform performance, cybersecurity, operational disruptions, and customer experience.
- We collaborate with third-party e-commerce platforms. Disruptions of our relationships with third-party e-commerce platforms, changes in, or interpretation of, policies of such third-party e-commerce platforms or unfavorable changes in our arrangements with them, could have an adverse effect on our business, financial condition and results of operations.
- Operating globally exposes us to inherent risks, which will persist as we further expand our international footprint. Shifts in the global economic landscape, along with evolving diplomatic and trade relations, could negatively impact our operating results and lead to fluctuations to the demand for our products.

SUMMARY OF KEY FINANCIAL AND OPERATING INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report included in Appendix I to this Document. Our consolidated financial statements are prepared in accordance with IFRS Accounting Standards. Our historical results are not necessarily indicative of results

SUMMARY

expected for future periods. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Document, including the related notes, as well as the section headed “Financial Information.”

Consolidated Statements of Profit or Loss

The table below sets forth our consolidated statements of profit or loss for the periods indicated derived from the Accountants’ Report included in Appendix I to this Document:

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
					<i>(unaudited)</i>		<i>(unaudited)</i>	
	<i>(in thousands, except for percentages)</i>							
Revenue	1,456,636	100.0	2,475,861	100.0	1,498,367	100.0	1,776,666	100.0
Cost of sales	<u>(594,607)</u>	<u>(40.8)</u>	<u>(1,128,039)</u>	<u>(45.6)</u>	<u>(674,066)</u>	<u>(45.0)</u>	<u>(781,935)</u>	<u>(44.0)</u>
Gross profit	862,029	59.2	1,347,822	54.4	824,301	55.0	994,731	56.0
Other net income	14,880	1.0	49,393	2.0	30,709	2.1	41,885	2.4
Selling and marketing expenses	(394,912)	(27.1)	(562,524)	(22.7)	(350,413)	(23.4)	(402,000)	(22.6)
Administrative expenses	(133,007)	(9.1)	(236,791)	(9.6)	(152,598)	(10.2)	(178,575)	(10.1)
Research and development costs	<u>(156,588)</u>	<u>(10.8)</u>	<u>(359,194)</u>	<u>(14.5)</u>	<u>(247,563)</u>	<u>(16.5)</u>	<u>(308,856)</u>	<u>(17.4)</u>
Profit from operations	<u>192,402</u>	<u>13.2</u>	<u>238,706</u>	<u>9.6</u>	<u>104,436</u>	<u>7.0</u>	<u>147,185</u>	<u>8.3</u>
Changes in the carrying amount of financial liabilities issued to investors/redeemable preferred shares	(72,151)	(4.9)	(80,908)	(3.3)	(59,522)	(4.0)	(63,446)	(3.6)
Other finance costs	<u>(2,786)</u>	<u>(0.2)</u>	<u>(10,047)</u>	<u>(0.4)</u>	<u>(6,467)</u>	<u>(0.4)</u>	<u>(11,297)</u>	<u>(0.6)</u>
Finance costs	<u>(74,937)</u>	<u>(5.1)</u>	<u>(90,955)</u>	<u>(3.7)</u>	<u>(65,989)</u>	<u>(4.4)</u>	<u>(74,743)</u>	<u>(4.2)</u>
Profits before taxation	117,465	8.1	147,751	6.0	38,447	2.6	72,442	4.1
Income tax (expense)/credit	<u>(6,542)</u>	<u>(0.5)</u>	<u>770</u>	<u>0.0</u>	<u>14,135</u>	<u>0.9</u>	<u>10,670</u>	<u>0.6</u>
Profits for the year/period	<u>110,923</u>	<u>7.6</u>	<u>148,521</u>	<u>6.0</u>	<u>52,582</u>	<u>3.5</u>	<u>83,112</u>	<u>4.7</u>

SUMMARY

Non-IFRS Measure

We use adjusted net profit, a non-IFRS financial measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted net profit (non-IFRS) helps identify underlying trends in our business, provides useful information about our results of operations, and enhances the overall understanding of our past performance and future prospects.

Adjusted net profit (non-IFRS) should not be considered in isolation or construed as an alternative to profit from operations, net profit or any other measure of performance or as an indicator of our operating performance. Adjusted net profit (non-IFRS) 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.

Adjusted net profit (non-IFRS) represents net profit excluding (i) share-based compensation expenses and (ii) changes in the carrying amount of financial liabilities issued to investors/redeemable preferred shares. The table below sets forth our adjusted net profit (non-IFRS) for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,	
	2023	2024	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
			<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(in thousands)</i>	
Profit for the year/period	110,923	148,521	52,582	83,112
Add:				
Share-based compensation expenses	–	29,037	16,668	25,761
Changes in the carrying amount of financial liabilities issued to investors/redeemable preferred shares	<u>72,151</u>	<u>80,908</u>	<u>59,522</u>	<u>63,446</u>
Adjusted net profit (non-IFRS) .	<u>183,074</u>	<u>258,466</u>	<u>128,772</u>	<u>172,319</u>

SUMMARY

Summary 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 the Accountants’ Report included in Appendix I to this Document:

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Total non-current assets	114,029	218,171	257,771
Total current assets	<u>1,004,586</u>	<u>2,036,023</u>	<u>2,573,490</u>
Total assets	<u>1,118,615</u>	<u>2,254,194</u>	<u>2,831,261</u>
Total non-current liabilities	20,850	21,173	31,843
Total current liabilities	<u>1,393,263</u>	<u>2,348,620</u>	<u>2,562,634</u>
Total liabilities	<u>1,414,113</u>	<u>2,369,793</u>	<u>2,594,477</u>
Net (liabilities)/assets	<u>(295,498)</u>	<u>(115,599)</u>	<u>236,784</u>

We recorded net current assets of RMB10.9 million as of September 30, 2025 compared to the net current liabilities of RMB312.6 million as of December 31, 2024, primarily due to the increase in current assets outweighs the increase in current liabilities. Our current assets increased primarily attributable to (i) an increase in inventories from RMB433.0 million as of December 31, 2024 to RMB857.5 million as of September 30, 2025, primarily due to our strategic inventory stocking in anticipation of the peak season in the fourth quarter of 2025, and (ii) an increase in financial assets at FVPL from nil as of December 31, 2024 to RMB251.2 million as of September 30, 2025. Our current liabilities increased primarily attributable to (i) an increase in bank loans, primarily due to our greater financing needs for inventory purchases, and (ii) an increase in redeemable preferred shares from RMB805.0 million as of December 31, 2024 to RMB958.5 million as of September 30, 2025, primarily attributable to the increased principal and accrued interest for certain shareholders, partially offset by a decrease in amounts due to shareholders from RMB381.2 million as of December 31, 2024 to RMB200.1 million as of September 30, 2025, primarily due to the settlement with the shareholders.

SUMMARY

Our net current liabilities decreased from RMB388.7 million as of December 31, 2023 to RMB312.6 million as of December 31, 2024, primarily due to the increase in current assets outweighs the increase in current liabilities. Our current assets increased, primarily attributable to (i) an increase in cash and cash equivalents from RMB491.8 million as of December 31, 2023 to RMB994.6 million as of December 31, 2024, (ii) an increase in amounts due from shareholders from RMB2.4 million as of December 31, 2023 to RMB381.1 million as of December 31, 2024, mainly due to the increased receivables from shareholders in connection with the Reorganization, and (iii) an increase in inventories from RMB333.9 million as of December 31, 2023 to RMB433.0 million as of December 31, 2024, in line with our business growth. Our current liabilities increased primarily attributable to (i) an increase in amounts due to shareholders from nil as of December 31, 2023 to RMB381.2 million as of December 31, 2024, mainly due to the increased payables to shareholders in connection with the Reorganization, (ii) an increase in trade and other payables from RMB465.4 million as of December 31, 2023 to RMB684.6 million as of December 31, 2024, mainly due to higher trade payables resulting from our business growth, and (iii) an increase in bank loans from RMB100.3 million as of December 31, 2023 to RMB307.1 million as of December 31, 2024, mainly due to our increased borrowing.

Summary Consolidated Cash Flows Statements

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

	For the year ended December 31,		For the nine months ended September 30,	
	2023	2024	2024	2025
			<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(RMB in thousands)</i>	
Net cash generated from/(used in) operating activities	369,905	372,964	(35,777)	(208,834)
Net cash (used in) investing activities	(69,676)	(62,002)	(118,000)	(339,326)
Net cash generated from financing activities	<u>73,030</u>	<u>183,781</u>	<u>217,805</u>	<u>694,323</u>
Net increase in cash and cash equivalents	373,259	494,743	64,028	146,163
Effect of foreign exchange rate changes	(4,317)	8,002	13,011	(4,054)
Cash and cash equivalents at the beginning of the year/period . .	<u>122,866</u>	<u>491,808</u>	<u>491,808</u>	<u>994,553</u>
Cash and cash equivalents at the end of the year/period . . .	<u>491,808</u>	<u>994,553</u>	<u>568,847</u>	<u>1,136,662</u>

SUMMARY

We recorded net operating cash outflows of RMB35.8 million and RMB208.8 million in the nine months ended September 30, 2024 and 2025, respectively, primarily attributable to the seasonality, as we built up inventory ahead of the fourth-quarter holiday peak season.

KEY OPERATING DATA

The table below sets forth sales volume and bundle average selling prices of our products during the Track Record Period:

	For the years ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(unit)	(RMB)	(unit)	(RMB)	(unit)	(RMB)	(unit)	(RMB)
Laser-based personal creative tools and accessories bundle .	106,774	11,862	138,830	15,893	85,948	15,635	71,929	21,096
Material printers and accessories bundle .	–	–	–	–	–	–	2,029	49,621
Total	106,774	–	138,830	–	85,948	–	73,958	–

During the Track Record Period, the sales volume of our laser-based personal creative tools and accessories, which are our core product offerings, generally increased as a result of our increased penetration across geographic markets and launch of successful new products. Similarly, the average selling price of such products also increased, demonstrating our strong brand value and compelling product value propositions. Together, they drove the increase of our revenues across product segments.

KEY FINANCIAL RATIOS

The following table sets forth our selected key financial ratios as of the dates/for the years/periods indicated:

	As of/For the year ended December 31,		As of/For the nine months ended September 30,	
	2023	2024	2024	2025
			(unaudited)	(unaudited)
Gross margin	59.2%	54.4%	55.0%	56.0%
Net profit margin	7.6%	6.0%	3.5%	4.7%
Adjusted net profit margin (Non-IFRS measure) ⁽¹⁾	12.6%	10.4%	8.6%	9.7%

SUMMARY

Notes:

- (1) Adjusted net profit margin (non-IFRS measure) for a given period refers to adjusted net profit (non-IFRS measure) as a percentage of total revenue for that period. For a reconciliation of adjusted net profit (non-IFRS measure) to profit for the year, see “– Consolidated Statements of Profit or Loss – Non-IFRS Financial Measure.”

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes with respect to our evolving business needs and changing market conditions:

- Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be allocated to research and development to reinforce our technological leadership.
- Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be used to expand our vibrant overseas user community and enhance our brand awareness.
- Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be used to enhance our manufacturing capacity and strengthen supply chain resilience.
- Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be used to expand our overseas operation.
- Approximately [REDACTED]% or HK\$[REDACTED] of the net [REDACTED] will be allocated to general corporate purposes, including providing additional working capital.

See “Future Plans and Use of [REDACTED]” for further details.

SUMMARY

[REDACTED]

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisers 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] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED] expenses, we expect to pay [REDACTED]-related expenses of RMB[REDACTED], professional fees for our legal advisers and reporting accountants of RMB[REDACTED] and other fees and expenses of RMB[REDACTED]. An estimated amount of RMB[REDACTED] for our [REDACTED] expenses, accounting for approximately [REDACTED]% of our gross [REDACTED], is expected to be expensed through the statement of profit or loss and an estimated amount of RMB[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. We did not recognize any [REDACTED] in 2023, 2024 and the nine months ended September 30, 2025, in our consolidated statements of profit or loss.

SUMMARY

DIVIDEND

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

Any declaration and payment as well as the amount of dividends will be subject to our Articles and the Cayman Companies Act. Our board of directors has the discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or 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. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. As advised by our Cayman Islands legal adviser, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated deficit does not prohibit us from declaring and paying dividends to our Shareholders. Dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Memorandum and Articles 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.

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.