

## FINANCIAL INFORMATION

*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 IFRS Accounting Standards, 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.*

*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, including, but not limited to, that set forth under “Risk Factors,” “Forward-Looking Statements” and provided elsewhere in this Document.*

*For the purpose of this section, unless the context otherwise requires, references to 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

We are a global premium consumer-tech brand that empowers digital-to-physical creation. Our product offerings include (i) laser-based personal creative tools, which are our core business lines, consisting of (a) laser engraver and laser cutter, and (b) laser welder and CNC cutter, (ii) material printers, and (iii) accessories and consumables that complement our core product lines.

Since launching our first diode laser engraver and 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.

Our strong operational execution has supported solid financial results. During the Track Record Period, both revenue and profitability delivered robust growth. Our total revenue increased by 70.0% from RMB1,456.6 million in 2023 to RMB2,475.9 million in 2024 and increased by 18.6% from RMB1,498.4 million in the first nine months of 2024 to RMB1,776.7 million in the first nine months of 2025. Our gross profit grew by 56.4% from RMB862.0 million in 2023 to RMB1,347.8 million in 2024 and increased by 20.7% from RMB824.3

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million in the first nine months of 2024 to RMB994.7 million in the first nine months of 2025. In addition to scaling rapidly, our profitability remains stable with overall gross profit margin amounted to 59.2%, 54.4%, 55.0% and 56.0% in 2023, 2024, the nine months ended September 30, 2024 and 2025, respectively.

### **BASIS OF PREPARATION**

Our historical financial information during the Track Record Period has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). For details of the basis of preparation, see Note 1 to the Accountants’ Report included in Appendix I to this Document. 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 preparation of our historical financial information during the Track Record Period in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this Document.

### **MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business and results of operations have been, and are expected to continue to be, influenced by various general factors affecting the global consumer tech industry, including overall macroeconomic and its impact on consumer behavior, production and procurement costs, geopolitical dynamics and regulatory developments, and the overall competitive landscape. Adverse movements in any of these areas may have a material impact on our business and results of operations. In addition to these general factors, our results of operations are affected by the following company specific factors, including:

#### **Demand for Our Tech-enabled Personal Creative Tools Market**

Our business growth and financial performance depend on the demand for our products. Our revenue amounted to RMB1,456.6 million, RMB2,475.9 million, RMB1,498.4 million and RMB1,776.7 million in 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. Demand for our products has benefited from the rapid expansion of the global market for tech-enabled personal creative tools, which is underpinned by rising personalization trends and strong growth in the creator economy. As more individuals and small businesses seek to express creativity, customize products and monetize their skills, adoption of accessible, high-performance creative tools has continued to increase. According to CIC, the market size for global tech-enabled personal creative tools in terms of GMV has been growing rapidly, projected to expand from US\$6.8 billion in 2024 to US\$39.1 billion in 2030 with a CAGR of 33.8%, and further to US\$87.0 billion in 2035 with a CAGR of 17.3%.

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Technological innovation also plays a critical role in shaping market demand. Advances in areas such as compact laser engraving and cutting systems, precision motion control, and intuitive design software have significantly lowered the barriers to entry for creative tools. Capabilities that were once available only in industrial settings, such as high-resolution engraving, multi-material cutting, and automated workflow design, are increasingly affordable and accessible to individual creators and SMB owners. As technology continues to improve and prices become more attainable, we expect the addressable market for creative tools to broaden further.

### **Ability to Launch and Upgrade Products to Meet Evolving Customer Needs**

Our results of operations and financial performance are influenced by our ability to successfully launch new products and continuously upgrade existing ones in response to evolving customer needs. We have a strong track record of successful product development and commercialization, demonstrating our ability to respond effectively to shifts in market trends and user preferences. Our portfolio now spans a wide spectrum of creative tools, from compact consumer-friendly models designed for beginners to high-power machines tailored for professional creators and SMB owners. For example, in the first half of 2024, we launched advanced laser products, serving as the primary driver of our revenue growth, and in 2025, we expanded beyond laser-based tools and launched our xTool apparel printer, generating RMB100.7 million in revenue from material printers and accessories in the nine months ended September 30, 2025. The ability to consistently introduce new models, accessories, and functional add-ons enables us to remain relevant as customer expectations evolve.

Our strong product innovation capability is supported by extensive, ongoing engagement with users across our online and offline communities. By closely monitoring and collecting feedback, and identifying pain points, we are able to translate customer insights into targeted product enhancements and software upgrades. Constant firmware updates introduce advanced features, such as batch processing, to improve productivity and user experience. This customer-driven development approach strengthens user satisfaction, promotes repeat engagement, and fosters long-term brand loyalty. These efforts have contributed to customer high repurchase level, with nearly 40% repurchase rate through xTool official website since 2022.

Maintaining an agile development cycle is essential for ensuring continued market acceptance of new products and upgrades. We focus on rigorous testing, quality assurance, and providing user education resources, such as tutorials, community support, and training materials, to help customers fully realize the value of our products. By prioritizing continuous improvement and customer-centric innovation, we aim to broaden our product ecosystem, enhance user experience, and strengthen our competitive position in a rapidly evolving creative tools market.

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### Expansion of Sales Channels and User Community

Our go-to-market approach combines both direct sales and distribution, capitalizing on the unique advantages of each approach to create synergistic benefits. Our operation results and financial performance are influenced by the growth of our direct sales through our official website, which serves as our primary sales channel and an important touchpoint for user engagement. Revenue generated from our official websites amounted to RMB774.2 million, RMB1,538.6 million, RMB912.9 million and RMB1,086.0 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, representing 53.1%, 62.1%, 60.9% and 61.1% of our total revenue, respectively. In addition to direct sales, we continue to leverage third-party e-commerce platforms and our distributor network to broaden market reach and improve accessibility across different regions, showcasing our brand awareness and visibility.

Our online and offline user communities further support channel expansion and enhance sales conversion. Atomm, our online creative platform, strengthens engagement by offering design resources and interactive content. Our registered users on Atomm reached approximately 212,000 as of September 30, 2025. Offline, our xTool Squad network provides hands-on product experiences and live demonstrations, helping prospective users better understand our products before purchase. As of September 30, 2025, we built a network of 470 xTool Squad by leveraging our SMB users’ existing offline presence across 32 countries. These physical spaces allow prospective buyers to experience our products firsthand, lowering purchase hesitation and boosting conversion rates. Our online and offline communities strengthen user loyalty and support a premium pricing strategy.

We have made continued investments in sales channel development and community engagement. Our selling and marketing expenses amounted to RMB394.9 million, RMB562.5 million, RMB350.4 million and RMB402.0 million in 2023, 2024, the nine months ended September 30, 2024 and 2025, respectively, representing 27.1%, 22.7%, 23.4% and 22.6% of our total revenue for the same periods. As brand awareness and user mindshare continue to expand, we are optimizing our marketing spend to improve efficiency and support sustainable long-term growth.

### Sustained R&D Commitment to Maintain Leadership in a Fast-Moving Industry Landscape

Our financial performance is influenced by our sustained investment in R&D, which is essential in an industry defined by rapid technological advancement and continually rising customer expectations. Ongoing R&D enables us to enhance our core technologies, explore emerging trends, and integrate new capabilities into our products, ensuring that our solutions remain aligned with evolving user needs and ahead of industry developments. This commitment allows us to deliver cutting-edge features and superior performance, reinforcing our market-leading position and strengthening xTool’s differentiation in a competitive landscape.

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A strong R&D engine also supports our premium brand positioning by enabling us to offer advanced technical capabilities and long-term value that are difficult for competitors to replicate. Importantly, continuous innovation and the release of new, tech-forward solutions help us attract new users while also encouraging existing customers to upgrade to more advanced models or expand their toolsets, which contributes to recurring revenue opportunities and serves as a key driver of our long-term growth.

Reflecting our commitment to innovation, our R&D expenses amounted to RMB156.6 million, RMB359.2 million, RMB247.6 million and RMB308.9 million in 2023, 2024, the nine months ended September 30, 2024 and 2025, respectively, representing 10.8%, 14.5%, 16.5% and 17.4% of total revenue for the same periods. Our premium product pricing reflects our substantial investment in research and development. We expect continued investment in R&D to remain critical for maintaining our technological leadership, expanding our product ecosystem, and delivering sustained value to users.

### **Ability to Control Costs and Improve Operational Efficiency**

In addition to the initiatives to optimize our revenue and sales channel mix, our profitability is also influenced by our ability to manage cost of sales and improve operational efficiency. Our cost of sales amounted to RMB594.6 million, RMB1,128.0 million, RMB674.1 million and RMB781.9 million in 2023, 2024, the nine months ended September 30, 2024 and 2025, respectively, representing 40.8%, 45.6%, 45.0% and 44.0% of our total revenue for the same periods. Our primary cost components include laser heads, electronic parts, materials and consumables. We are actively executing initiatives to optimize sourcing, refine production workflows and strengthen supplier coordination to improve cost efficiency across our operations. In 2023, 2024, the nine months ended September 30, 2024 and 2025, our operating expenses, being the sum of selling and marketing expenses, administrative expenses, and research and development costs, amounted to RMB684.5 million, RMB1,158.5 million, RMB750.6 million, and RMB889.4 million, respectively, representing 47.0%, 46.8%, 50.1% and 50.1% of our total revenue for the same periods.

We continue to enhance operational leverage through technology-enabled process improvements, effective supply chain management and disciplined oversight of operating expenses. These efforts are aimed at improving production efficiency and supporting margin growth. As we scale our business, maintaining strong cost control and operational discipline will remain critical to sustaining long-term profitability and supporting our overall growth strategy.

### **Our Products are Subject to Seasonality**

Our sales exhibit seasonality, with revenue typically peaking in the fourth quarter of each year. This reflects consumer purchasing patterns during major holiday and promotional periods such as Black Friday, Thanksgiving and Christmas, when demand for personal creative and maker-focused products increases. As a result, fourth-quarter revenue generally exceeds that of other quarters. We prepare for these seasonal fluctuations by adjusting inventory levels, strengthening customer support and logistics capacity, and increasing marketing activities ahead of peak demand. Effective planning around these trends helps us manage cash flow, reduce stockout risks and maintain a consistent customer experience throughout the year.

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### KEY OPERATING METRICS

We regularly review a number of key operating metrics to evaluate our core business operations, identify trends, formulate financial projections and make strategic decisions. The following table presents certain of our key operating data for the years/periods indicated.

	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
<b>Total . . . . .</b>	<b>106,774</b>	<b>—</b>	<b>138,830</b>	<b>—</b>	<b>85,948</b>	<b>—</b>	<b>73,958</b>	<b>—</b>

For details, see “Period-to-Period Comparison of Results of Operations.”

### 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 Notes 2 and 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.

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### **Inventories**

We carry inventories at the lower of cost and net realizable value.

We calculate cost using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Contract liabilities**

We recognize contract liability when the customer pays non-refundable consideration before the we recognize the related revenue. We also recognize contract liability if we have an unconditional right to receive non-refundable consideration before we recognize the related revenue. In such latter cases, a corresponding receivable is also recognized.

### **Financial liabilities issued to investors**

A contract that contains an obligation to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if the obligations to purchase are conditional on the counterparty exercising a right to redeem, the financial instruments with preferred rights are recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs.

### **Redeemable preferred shares**

Our redeemable preferred shares are subject to the investors' request to redeem for cash upon the occurrence of events that are beyond the control of both the holders and us, which give rise to financial liabilities.

The financial liabilities are initially measured at the present value of the redemption amount, which represents the settlement that would be triggered by the event with the highest settlement outcome, and may change from time to time. Changes in the carrying amount of the financial liabilities are charged to profit or loss.

### **Revenue**

We are the principal for our revenue transactions and recognized revenue on a gross basis, including the sales of laser-based personal creative tools and material printers.

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We recognize revenue from the sale of products over self-operated online stores or third-party e-commerce platforms at the point in time when control of the products is transferred to the customer, generally on the receipt of products by customers.

We recognize revenue from the sale of products offline at the point in time when control of the products is transferred to the customer. We recognize revenue from the sale of domestic products when we have delivered the products to the location and the customer takes the possession of and accepts the goods according to the sales contract. We recognize revenue from the sale of overseas products at the corresponding points of time according to trade terms.

### **Accounting Estimates and Judgments**

The significant sources of estimation uncertainty in the process of applying our accounting policies are as follows:

#### ***Share-based compensation expenses***

We operate share incentive plan, under which we receive services from employees as consideration for equity instruments (options). The fair value of the services received in exchange for the grant of the equity instruments (options) is recognized as an expense on the consolidated statement of profit or loss with a corresponding.

In terms of the options awarded to employees, the total amount to be expensed is determined by reference to the fair value of equity instruments (options) granted, excluding the impact of any service and non-market performance vesting conditions; and including the impact of any non-vesting conditions.

#### ***Recognition and measurement of deferred tax assets***

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of us and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

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### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts, 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, except for percentages)</i>							
<b>Revenue</b> . . . . .	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>
<b>Gross profit</b> . . . . .	<b>862,029</b>	<b>59.2</b>	<b>1,347,822</b>	<b>54.4</b>	<b>824,301</b>	<b>55.0</b>	<b>994,731</b>	<b>56.0</b>
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>
<b>Profit from operations</b> . . . . .	<b>192,402</b>	<b>13.2</b>	<b>238,706</b>	<b>9.6</b>	<b>104,436</b>	<b>7.0</b>	<b>147,185</b>	<b>8.3</b>
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>
<b>Profits before taxation</b> . . . . .	<b>117,465</b>	<b>8.1</b>	<b>147,751</b>	<b>6.0</b>	<b>38,447</b>	<b>2.6</b>	<b>72,442</b>	<b>4.1</b>
Income tax (expenses)/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>
<b>Profits for the year/period</b> . . . . .	<b>110,923</b>	<b>7.6</b>	<b>148,521</b>	<b>6.0</b>	<b>52,582</b>	<b>3.5</b>	<b>83,112</b>	<b>4.7</b>

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### Non-IFRS Financial 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 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)</i>			
<b>Profit for the year/period . . .</b>	<b>110,923</b>	<b>148,521</b>	<b>52,582</b>	<b>83,112</b>
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>
<b>Adjusted net profit (non-IFRS) . . . . .</b>	<b><u>183,074</u></b>	<b><u>258,466</u></b>	<b><u>128,772</u></b>	<b><u>172,319</u></b>









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Further information about the movement of our selling and marketing expenses during the Track Record Period is set forth in “— Period-to-Period Comparison of Results of Operations.”

### Administrative Expenses

Our administrative expenses consist of (i) staff cost, (ii) payment processing fees, (iii) depreciation and amortization, (iv) consulting service fee, (v) share-based compensation expenses, (vi) tax and surcharges, and (vii) others. Payment processing fees refer to the fees incurred in connection with the transactions fulfilled through our official websites, which are charged by third-party payment channels, such as Shopify Payments and PayPal.

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 years/periods indicated.

	For the year ended December 31,				For the nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>				<i>(unaudited)</i>			
Staff cost . . . . .	67,508	50.8	103,330	43.6	74,752	49.0	78,839	44.1
Payment processing fees . . . . .	33,653	25.3	72,813	30.8	39,919	26.2	43,861	24.6
Depreciation and amortization . . . . .	6,380	4.8	11,054	4.7	7,102	4.6	12,510	7.0
Consulting service fee	4,740	3.6	10,926	4.6	5,584	3.7	10,249	5.7
Share-based compensation expenses . . . . .	—	—	6,611	2.8	4,474	2.9	8,672	4.9
Tax and surcharges . . . . .	5,624	4.2	9,087	3.8	4,989	3.3	9,077	5.1
Others . . . . .	15,102	11.3	22,970	9.7	15,778	10.3	15,367	8.6
<b>Total . . . . .</b>	<b>133,007</b>	<b>100.0</b>	<b>236,791</b>	<b>100.0</b>	<b>152,598</b>	<b>100.0</b>	<b>178,575</b>	<b>100.0</b>

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our administrative expenses amounted to RMB133.0 million, RMB236.8 million, RMB152.6 million and RMB178.6 million, respectively, representing 9.1%, 9.6%, 10.2% and 10.1% of our total revenue for the same periods. Our staff cost represents a significant portion of our total administrative expenses during the Track Record Period.

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.”







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According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. Makeblock Co., Ltd. obtained the certificate of high-technology enterprise and is subject to income tax rate at 15% during the Track Record Period.

For the years ended December 31, 2023 and 2024, certain subsidiaries of our Group fulfilled the criteria required for preferential income tax rate granted to small and low profit-making enterprises in the PRC. According to the EIT Law and its relevant regulations, they were entitled to a preferential income tax rate of 5% on taxable income.

Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period.

### *Hong Kong*

Pursuant to the income tax rules and regulations of Hong Kong, when the taxable income does not exceed HK\$2 million, the subsidiary in Hong Kong were liable to the Profits Tax at a rate of 8.25%, and at a rate of 16.5% when the taxable income exceeding HK\$2 million.

### *United States*

Pursuant to the income tax rules and regulations of US, our subsidiary in US was liable to the US profits tax at a rate of 21% federal tax and 2.5%-11.5% state tax.

### *Netherlands*

Pursuant to the income tax rules and regulations of Netherlands, when the taxable income does not exceed EUR200,000, the subsidiary in Netherlands was liable to the profits tax at a rate of 19%, and at a rate of 25.8% when the taxable income exceeding EUR200,000.

### **Profit for the Year/Period**

We recorded profit for the year/period of RMB110.9 million, RMB148.5 million, RMB52.6 million and RMB83.1 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

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### 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 18.6% from RMB1,498.4 million for the nine months ended September 30, 2024 to RMB1,776.7 million for the nine months ended September 30, 2025, respectively, primarily due to revenue growth of our laser-based personal creative tools and accessories, and to a lesser extent to the recent launch and rapid ramp-up of our material printers and accessories in 2025.

***Laser-based personal creative tools and accessories.*** Revenue from laser-based personal creative tools and accessories increased by 12.9% from RMB1,343.8 million for the nine months ended September 30, 2024 to RMB1,517.4 million for the nine months ended September 30, 2025, respectively, primarily attributable to the increased bundle average selling price of our laser-based personal creative tools and accessories from RMB15.6 thousand in the first nine months of 2024 to RMB21.1 thousand in the nine months ended September 30, 2025, as we introduced more advanced laser machines with premium pricing, despite our bundle units sold decreased from 85.9 thousand units in the first nine months of 2024 to 71.9 thousand units in the first nine months of 2025, primarily attributable to the discontinuation of certain product lines in accordance with our product development strategy in anticipation of launches of replacement and upgraded products in the near future. In addition, the decrease of the sales volume in the first nine months of 2025 was partly due to the different timing of new product launches, with key product releases concentrated in the first half of 2024 and the second half of 2025.

***Material printers and accessories.*** Revenue from material printers and accessories was nil for the nine months ended September 30, 2024 to RMB100.7 million in the nine months ended September 30, 2025, as we started selling material printers and accessories in 2025. We sold 2.0 thousand bundle units of material printers and accessories in the first nine months of 2025 with bundle average selling price being RMB49.6 thousand.

***Consumables and others.*** Revenue from consumables and others remained stable at RMB158.6 million for the nine months ended September 30, 2024 and RMB154.5 million for the nine months ended September 30, 2025.

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### *Cost of Sales*

Our cost of sales increased 16.0% from RMB674.1 million for the nine months ended September 30, 2024 to RMB781.9 million for the nine months ended September 30, 2025, respectively, primarily driven by the increase of material costs from RMB436.2 million in the first nine months of 2024 to RMB539.6 million in the first nine months of 2025, and the increase of freight expenses and others from RMB237.0 million in the first nine months of 2024 to RMB241.3 million in the first nine months of 2025, in each case, consistent with the growth of total revenue during the same periods.

### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased by 20.7% from RMB824.3 million for the nine months ended September 30, 2024 to RMB994.7 million for the nine months ended September 30, 2025, respectively. Our gross profit margin remained relatively stable at 55.0% and 56.0% for the nine months ended September 30, 2024 and 2025, respectively.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by 14.7% from RMB350.4 million for the nine months ended September 30, 2024 to RMB402.0 million for the nine months ended September 30, 2025, respectively, primarily attributable to an increase in marketing and advertising expenses from RMB184.0 million for the nine months ended September 30, 2024 to RMB222.5 million for the nine months ended September 30, 2025, respectively, primarily due to our customer acquisition needs during the initial phase of introducing material printers to the market. The increase of staff costs from RMB92.2 million in the nine months ended September 30, 2024 to RMB97.3 million in the nine months ended September 30, 2025 also contributed to the increase of our selling and marketing expenses, primarily due to the expansion of sales team overseas. The share-based compensation expenses for our employees in the marketing department increased from RMB4.1 million for the nine months ended September 30, 2024 to RMB6.0 million for the nine months ended September 30, 2025. Excluding share-based compensation expenses, the selling and marketing expenses as a percentage of our total revenue decreased from 23.1% for the nine months ended September 30, 2024 to 22.3% for the nine months ended September 30, 2025.

### *Administrative Expenses*

Our general and administrative expenses increased by 17.0% from RMB152.6 million for the nine months ended September 30, 2024 to RMB178.6 million for the nine months ended September 30, 2025, respectively, primarily attributable to (i) an increase in depreciation and amortization expenses from RMB7.1 million in the nine months ended September 30, 2024 to RMB12.5 million in the nine months ended September 30, 2025 as a result of increased leased office led by our expanded overseas team, (ii) an increase in consulting service fee from RMB5.6 million in the nine months ended September 30, 2024 to RMB10.2 million in the nine months ended September 30, 2025, primarily in relation to the Reorganization, and (iii) an

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increase in tax and surcharges from RMB5.0 million in the nine months ended September 30, 2024 to RMB9.1 million in the nine months ended September 30, 2025. Our share-based compensation expenses for our employees in the administrative department increased from RMB4.5 million for the nine months ended September 30, 2024 to RMB8.7 million for the nine months ended September 30, 2025. Excluding share-based compensation expenses, the administrative expenses as a percentage of our total revenue decreased from 9.9% for the nine months ended September 30, 2024 to 9.6% for the nine months ended September 30, 2025.

### *Research and Development Expenses*

Our research and development expenses increased by 24.8% from RMB247.6 million for the nine months ended September 30, 2024 to RMB308.9 million for the nine months ended September 30, 2025, respectively, primarily attributable to (i) the increase of our staff cost from RMB207.0 million for the nine months ended September 30, 2024 to RMB238.5 million for the nine months ended September 30, 2025, primarily due to expansion of our R&D team, and (ii) the increase of raw materials and consumables used from RMB14.0 million for the nine months ended September 30, 2024 to RMB30.6 million for the nine months ended September 30, 2025, primarily due to the increase of the number of research projects. The share-based compensation expenses for the employees in the R&D department increased from RMB7.3 million in the nine months ended September 30, 2024 to RMB10.2 million in the nine months ended September 30, 2025. Excluding share-based compensation expenses, the research and development expenses as a percentage of our total revenue increased from 16.0% for the nine months ended September 30, 2024 to 16.8% for the nine months ended September 30, 2025.

### *Other Net Income*

Our other net income increased by 36.4% from RMB30.7 million for the nine months ended September 30, 2024 to RMB41.9 million for the nine months ended September 30, 2025, respectively, primarily attributable to (i) an increase in net foreign exchange gain from loss of RMB0.6 million for the nine months ended September 30, 2024 to net foreign exchange gain of RMB12.4 million for the nine months ended September 30, 2025, primarily attributable to stronger U.S. dollars and Euro against RMB during the period, and (ii) an increase in bank interest income from RMB13.0 million for the nine months ended September 30, 2024 to RMB21.6 million for the nine months ended September 30, 2025, respectively, primarily due to the increased interest rate of foreign currencies for our foreign-currency denominated deposits, partially offset by a decrease in government grants from RMB13.8 million for the nine months ended September 30, 2024 to RMB4.0 million for the nine months ended September 30, 2025.

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### *Changes in the Carrying Amount of Financial Liabilities Issued to Investors/Redeemable Preferred Shares*

The changes in the carrying amount of financial liabilities issued to investors/redeemable preferred shares decreased by 6.6% from negative RMB59.5 million for the nine months ended September 30, 2024 to negative RMB63.4 million for the nine months ended September 30, 2025, respectively, primarily attributable to the increased interest for certain shareholders calculated on a compound interest basis.

### *Other Finance Costs*

Our other finance costs increased by 74.7% from RMB6.5 million for the nine months ended September 30, 2024 to RMB11.3 million for the nine months ended September 30, 2025, respectively, primarily attributable to an increase in interest on bank loans from RMB5.4 million for the nine months ended September 30, 2024 to RMB10.3 million for the nine months ended September 30, 2025, respectively, primarily due to our strategic approach to optimizing financial returns.

### *Income Tax Expenses/Credit*

We recorded income tax credit of RMB14.1 million and RMB10.7 million for the nine months ended September 30, 2024 and 2025, respectively.

### *Profit for the Period*

As a result of the foregoing, our profit for the period increased by 58.0% from RMB52.6 million for the nine months ended September 30, 2024 to RMB83.1 million for the nine months ended September 30, 2025.

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

### *Revenue*

Our revenue increased by 70.0% from RMB1,456.6 million in 2023 to RMB2,475.9 million in 2024, primarily due to revenue growth of our laser-based personal creative tools and accessories, and to a lesser extent to the revenue growth of our consumables and others.

***Laser-based personal creative tools and accessories.*** Revenue from laser-based personal creative tools and accessories increased by 74.2% from RMB1,266.5 million in 2023 to RMB2,206.4 million in 2024, primarily attributable to the increase in bundle average selling price of our laser-based personal creative tools and accessories from RMB11.9 thousand in 2023 to RMB15.9 thousand in 2024 resulting from the more advanced products we launched, and the increased sales volume from 106.8 thousand units in 2023 to 138.8 thousand units in 2024 due to new product launches and further sales penetration especially through our official websites.

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**Consumables and others.** Revenue from consumables and others increased by 41.8% from RMB190.1 million in 2023 to RMB269.5 million in 2024 in lines with the growth of our business.

### ***Cost of Sales***

Our cost of sales increased by 89.7% from RMB594.6 million in 2023 to RMB1,128.0 million in 2024, primarily driven by the increase of material costs from RMB408.1 million in 2023 to RMB756.5 million in 2024 and the increase of freight expenses and others from RMB186.5 million in 2023 to RMB370.2 million in 2024, in line with our growth of total revenue.

### ***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit increased by 56.4% from RMB862.0 million in 2023 to RMB1,347.8 million in 2024. Our gross profit margin decreased from 59.2% in 2023 to 54.4% in 2024, primarily due to changes in our geographic market mix and product pricing strategies.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 42.4% from RMB394.9 million in 2023 to RMB562.5 million in 2024, primarily attributable to (i) the increase in marketing and advertising expenses from RMB216.0 million in 2023 to RMB313.6 million in 2024, primarily due to our increased advertising investment in online digital platforms, as well as influencer collaborations and offline retail brand store engagement initiatives to expand our brand awareness and support sales growth across multiple channels, and (ii) an increase in staff cost from RMB88.7 million in 2023 to RMB130.3 million in 2024, resulting from an increase in number of sales staff and salary scale. The share-based compensation expenses for our employees in the marketing department increased from nil in 2023 to RMB7.8 million in 2024. Excluding share-based compensation expenses, the selling and marketing expenses as a percentage of our total revenue decreased from 27.1% in 2023 to 22.4% in 2024.

### ***Administrative Expenses***

Our general and administrative expenses increased by 78.0% from RMB133.0 million in 2023 to RMB236.8 million in 2024, primarily attributable to the increase in (i) payment processing fees, which are mainly fees charged by third-party payment channels for the sales made through our official websites, from RMB33.7 million in 2023 to RMB72.8 million in 2024, driven by our higher revenue generated from our official websites, (ii) staff costs from RMB67.5 million in 2023 to RMB103.3 million in 2024, and (iii) share-based compensation expenses from nil in 2023 to RMB6.6 million in 2024. Excluding share-based compensation expenses, the administrative expenses as a percentage of our total revenue increased from 9.1% in 2023 to 9.3% in 2024.

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### *Research and Development Expenses*

Our research and development expenses increased by 129.4% from RMB156.6 million in 2023 to RMB359.2 million in 2024, primarily attributable to increase in staff cost from RMB132.9 million in 2023 to RMB292.8 million in 2024, primarily due to our increased number and salary scale of R&D staff, aligning with the expansion of our business. The share-based compensation for our employees in the R&D department increased from nil in 2023 to RMB13.4 million in 2024. Excluding share-based compensation expenses, the research and development expenses as a percentage of our total revenue increased from 10.8% in 2023 to 14.0% in 2024.

### *Other Net Income*

Our other net income increased by 231.9% from RMB14.9 million in 2023 to RMB49.4 million in 2024, primarily attributable to (i) an increase in bank interest income from RMB6.3 million in 2023 to RMB19.4 million in 2024, primarily due to the increased bank deposits and increased interest rate, (ii) an increase in government grants from RMB7.1 million in 2023 to RMB14.6 million in 2024, and (iii) an increase in net foreign exchange gain from RMB3.8 million in 2023 to RMB9.0 million in 2024, primarily driven by stronger U.S. dollars and Euro against RMB during the period.

### *Changes in the Carrying Amount of Financial Liabilities Issued to Investors/Redeemable Preferred Shares*

The changes in the carrying amount of financial liabilities issued to investors/redeemable preferred shares increased by 12.1% from negative RMB72.2 million in 2023 to negative RMB80.9 million in 2024, respectively, primarily attributable to the increased interest for certain shareholders calculated on a compound interest basis.

### *Other Finance Costs*

Our other finance costs increased from RMB2.8 million in 2023 to RMB10.0 million in 2024, primarily due to an increase in interest on bank loans from RMB1.2 million in 2023 to RMB8.7 million in 2024, resulting from the increase in bank borrowings.

### *Income Tax Expenses/Credit*

We recorded income tax expenses of RMB6.5 million in 2023, primarily due to origination and reversal of temporary differences of deferred tax of RMB2.4 million and current income tax expense of RMB4.1 million in 2023. We recorded income tax credit of RMB0.8 million in 2024.

### *Profit for the Period*

As a result of the foregoing, our profit for the period increased by 33.9% from RMB110.9 million in 2023 to RMB148.5 million in 2024.

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

#### Current Assets and 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,
	2023	2024	2025	2025
			<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>(RMB in thousands)</i>			
<b>Current assets</b>				
Derivative financial instruments . . . . .	–	2,428	–	–
Inventories . . . . .	333,904	433,035	857,463	831,425
Trade and other receivables . . . . .	104,052	113,644	158,057	230,624
Amounts due from shareholders . . . . .	2,358	381,082	–	–
Financial assets at FVPL . . . . .	11,353	–	251,206	410,390
Time deposits . . . . .	28,983	15,803	25,983	14,144
Restricted cash . . . . .	32,128	95,478	144,119	338,157
Cash and cash equivalents . . . . .	491,808	994,553	1,136,662	1,027,125
<b>Total current assets . . . . .</b>	<b>1,004,586</b>	<b>2,036,023</b>	<b>2,573,490</b>	<b>2,851,865</b>

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	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
			<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(RMB in thousands)</i>	
<b>Current liabilities</b>				
Trade and other payables . . . . .	465,432	684,615	711,421	780,713
Amounts due to shareholders . . .	–	381,180	200,063	–
Contract liabilities . . . . .	87,040	138,991	150,426	290,935
Bank loans . . . . .	100,339	307,060	490,778	431,345
Lease liabilities . . . . .	13,763	15,899	15,537	17,041
Derivative financial instruments . . . . .	168	1,676	–	–
Income tax payables . . . . .	2,215	4,896	25,761	25,730
Financial liabilities issued to investors . . . . .	717,433	–	–	–
Redeemable preferred shares . .	–	805,014	958,518	967,760
Other current liabilities . . . . .	6,873	9,289	10,130	10,131
<b>Total current liabilities . . . . .</b>	<b>1,393,263</b>	<b>2,348,620</b>	<b>2,562,634</b>	<b>2,523,655</b>
<b>Net current (liabilities)/assets .</b>	<b>(388,677)</b>	<b>(312,597)</b>	<b>10,856</b>	<b>328,210</b>

Our net current assets increased from RMB10.9 million as of September 30, 2025 to RMB328.2 million as of November 30, 2025, primarily due to the increase in current assets and decrease in current liabilities. Our current assets increased primarily attributable to (i) an increase in restricted cash from RMB144.1 million as of September 30, 2025 to RMB338.2 million as of November 30, 2025, primarily due to payments received from Black Friday sales not yet reaching the settlement period of the collection platform, and (ii) an increase in financial assets at FVPL from RMB251.2 million as of September 30, 2025 to RMB410.4 million as of November 30, 2025, partially offset by a decrease in cash and cash equivalents from RMB1,136.7 million as of September 30, 2025 to RMB1,027.1 million as of November 30, 2025. Our current liabilities decreased primarily attributable to (i) a decrease in amounts due to shareholders from RMB200.1 million as of September 30, 2025 to nil as of November 30, 2025, mainly due to the settlement with the shareholders, and (ii) a decrease in bank loans from RMB490.8 million as of September 30, 2025 to RMB431.3 million as of November 30, 2025, partially offset by an increase in contract liabilities from RMB150.4 million as of September 30, 2025 to RMB290.9 million as of November 30, 2025, primarily due to our increased sales in Black Friday.

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

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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.

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.

### Assets

#### *Property, Plant and Equipment*

Our property, plant and equipment consist of (i) machinery and equipment, (ii) leasehold improvements, (iii) office equipment and others, (iv) vehicles, and (v) ownership interest in land held for own use. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Machinery and equipment . . . . .	8,436	18,643	29,317
Leasehold improvements . . . . .	15,746	19,742	19,418
Office equipment and others . . . . .	2,533	5,686	5,424

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	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Vehicles . . . . .	506	865	765
Ownership interest in land held for own use . . . . .	–	41,722	43,303
<b>Total</b> . . . . .	<b>27,221</b>	<b>86,658</b>	<b>98,227</b>

The carrying amount of our property, plant and equipment increased from RMB27.2 million as of December 31, 2023 to RMB86.7 million as of December 31, 2024, mainly due to (i) an increase in ownership interests in land held for own use from nil to RMB41.7 million, primarily attributable to our acquisition of land in Thailand, (ii) an increase in machinery and equipment from RMB8.4 million as of December 31, 2023 to RMB18.6 million as of December 31, 2024, primarily attributable to our strategic expansion of manufacturing capabilities, and (iii) an increase in leasehold improvement from RMB15.7 million as of December 31, 2023 to RMB19.7 million as of December 31, 2024, primarily due to renovation of our production facilities in the PRC and Thailand, and our office in Shenzhen.

The carrying amount of our property, plant and equipment increased from RMB86.7 million as of December 31, 2024 to RMB98.2 million as of September 30, 2025 mainly due to an increase in machinery and equipment from RMB18.6 million as of December 31, 2024 to RMB29.3 million as of September 30, 2025, primarily due to our strategic expansion of manufacturing capabilities.

### *Right-of-use Assets*

Our right-of-use assets consist primarily of properties leased for own use. As of December 31, 2023, 2024 and September 30, 2025, our right-of-use assets were RMB31.4 million, RMB32.8 million, and RMB43.5 million, respectively. During the Track Record Period, the increase in right-of-use assets was attributable to the addition of offices and warehouses.

### *Intangible Assets*

The carrying amount of our intangible assets increased from RMB0.5 million as of December 31, 2023 to RMB1.1 million as of December 31, 2024, and subsequently increased to RMB1.7 million as of September 30, 2025, primarily due to the purchase of additional software to enhance information security protection and improve operation efficiency.

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### *Financial Assets Measured at FVPL*

Our financial assets measured at FVPL consists of current and non-current portions.

Our current portion of financial assets measured at FVPL decreased from RMB11.4 million as of December 31, 2023 to nil as of December 31, 2024 due to the maturation and redemption of our wealth management product. Our current portion of financial assets measured at FVPL further increased to RMB251.2 million as of September 30, 2025, primarily due to the subscription of wealth management products.

Our non-current portion of financial assets measured at FVPL increased from nil as of December 31, 2023 to RMB30.0 million as of December 31, 2024, primarily due to our equity investment in 2024. Our non-current portion of financial assets measured at FVPL subsequently decreased to RMB9.1 million as of September 30, 2025, primarily due to termination of the equity investment in unlisted equity securities.

With regard to the purchase of wealth management products, including our structured deposits, we have established an investment policy focused on risk diversification and stable returns, with fund security as the top priority. We invest only in low-risk products issued by reputable banks. We strategically monitor risk management from time to time. The Board sets the overall investment strategy and approves material investments, while delegating authority to the finance department to conduct investment activities within approved limits. Our finance department is primarily responsible for formulating, executing, and overseeing our investment decisions. To support this, we have put in place the following treasury policies and internal authorization controls:

- We have formulated internal control measures to regulate our process of investment in wealth management products;
- The finance department will support to source wealth management product investment opportunities, performing analysis, seeking necessary approvals, executing transactions, and managing ongoing investments when necessary; and
- Investments in wealth management products could be made when we have surplus cash that is not required for our short-term working capital purposes and in no event beyond the amount authorized by our senior management team.

Prior to making an investment, we will evaluate the sufficiency of our remaining working capital for our business needs, operating activities, research and development need, and capital expenditures to assess and determine the amount available for investment following the proposed transaction. We adopt a prudent approach in selecting financial assets. Our investment strategy related to financial assets focuses on prudently minimizing financial risks by aligning investment maturities with anticipated operating cash needs, while aiming to deliver stable and reasonable returns to benefit our shareholders. We make investment decisions related to financial assets on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general

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market conditions, risk control and credit of invested subjects, our own working capital conditions, and the expected profit or potential loss of the investment. To control our risk exposure, we have in the past sought and may continue in the future to seek other low-risk wealth management products.

To the extent that we will have surplus cash that is not required for our short-term working capital purposes, we will continue to consider investing in wealth management products taking into account the considerations above as appropriate to be in our best interest. Our investments in wealth management products after the [REDACTED] will be subject to compliance with Chapter 14 of the Listing Rules.

### *Deferred Tax Assets*

The carrying amount of deferred tax assets remained relatively stable from RMB52.3 million as of December 31, 2023 to RMB60.1 million as of December 31, 2024, and subsequently increased to RMB94.1 million as of September 30, 2025, primarily due to the recognition of deferred tax assets with regard to tax losses incurred by certain subsidiaries with accounting profit further deducted in arriving tax losses by preferential tax policy allowing additional deductions for R&D expenses.

### *Derivative Financial Instruments Assets*

Our derivative financial instruments assets increased from nil as of December 31, 2023 to RMB2.4 million as of December 31, 2024, primarily due to an increase in financial instruments held as forward cash instruments to mitigate the risks of exchange rate fluctuations.

Our derivatives financial instrument assets subsequently reduced to nil as of September 30, 2025, primarily attributable to the maturity of such financial instruments.

### *Inventory*

Our inventories primarily include (i) raw materials, (ii) semi-finished products and work-in-progress, and (iii) finished products.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Raw materials . . . . .	43,064	60,955	86,993
Semi-finished products and work-in-progress . . . . .	30,739	21,043	34,693
Finished goods . . . . .	<u>260,101</u>	<u>351,037</u>	<u>735,777</u>
<b>Total . . . . .</b>	<b><u>333,904</u></b>	<b><u>433,035</u></b>	<b><u>857,463</u></b>

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Our inventories increased from RMB333.9 million as of December 31, 2023 to RMB433.0 million as of December 31, 2024, primarily ascribed to (i) an increase in finished goods from RMB260.1 million as of December 31, 2023 to RMB351.0 million as of December 31, 2024, in line with our business growth, and (ii) an increase in raw materials from RMB43.1 million as of December 31, 2023 to RMB61.0 million as of December 31, 2024, primarily due to our strategic inventory buildup in anticipation of business growth, partially offset by a decrease in semi-finished products and work-in-progress from RMB30.7 million as of December 31, 2023 to RMB21.0 million as of December 31, 2024, primarily resulting from increased production activity that converted semi-finished goods and work-in-progress into finished goods.

Our inventories subsequently increased to RMB857.5 million as of September 30, 2025, primarily attributable to the increase in finished goods from RMB351.0 million as of December 31, 2024 to RMB735.8 million as of September 30, 2025, as we strategically increased our inventory levels in anticipation of strong holiday sales in the fourth quarter of 2025.

We assess net realizable value of inventories from time to time during the Track Record Period and may make provision to write down our inventories to their net realizable value if they become expired or damaged, or their prices go down, and their net realizable value substantially decreases. We made such write-downs of inventory to inventories of RMB6.9 million, RMB8.8 million, and RMB11.1 million as of December 31, 2023, 2024 and September 30, 2025.

The following table sets forth an aging analysis of our inventories, as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Within 1 year . . . . .	332,032	430,136	852,826
Over 1 year . . . . .	<u>8,730</u>	<u>11,732</u>	<u>15,757</u>
<b>Subtotal</b> . . . . .	<b>340,762</b>	<b>441,868</b>	<b>868,583</b>
Write-downs of inventory . . . . .	<u>(6,858)</u>	<u>(8,833)</u>	<u>(11,120)</u>
<b>Total</b> . . . . .	<b><u>333,904</u></b>	<b><u>433,035</u></b>	<b><u>857,463</u></b>

## FINANCIAL INFORMATION

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

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
		<i>(days)</i>	
Inventory turnover days <sup>(1)</sup> . . . . .	159.1	124.1	226.1

*Note:*

- (1) Inventory turnover days for a period are calculated as the average of the opening and closing value of inventory balances (net of allowance) divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

Our inventory turnover days decreased from 159.1 days in 2023 to 124.1 days in 2024, primarily attributable to the increase in sales volume. Our inventory turnover days increased to 226.1 days in the nine months ended September 30, 2025, primarily attributable to our strategic inventory stocking in anticipation of the peak season in the fourth quarter of 2025.

As of November 30, 2025, RMB314.5 million, or 36.7% of inventories outstanding as of September 30, 2025, had been subsequently settled.

### ***Trade and Other Receivables***

Our trade and other receivables primarily consist of (i) trade receivables, net of loss allowance, (ii) prepayments, (iii) VAT recoverable, (iv) prepaid income tax, and (v) other receivables and deposits, net of loss allowance.

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
		<i>(RMB in thousands)</i>	
Trade receivables, net of loss allowance . . . . .	49,006	50,575	76,033
Prepayments . . . . .	11,137	11,836	14,848
VAT recoverable . . . . .	20,269	24,701	35,514
Prepaid income tax . . . . .	74	4,647	58

## FINANCIAL INFORMATION

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
	<i>(RMB in thousands)</i>		
Other receivables and deposits, net of loss allowance . . . . .	23,566	21,885	31,604
<b>Total . . . . .</b>	<b><u>104,052</u></b>	<b><u>113,644</u></b>	<b><u>158,057</u></b>

Our trade and other receivables increased from RMB104.1 million as of December 31, 2023 to RMB113.6 million as of December 31, 2024, primarily attributed to (i) an increase in prepaid income tax from RMB0.1 million as of December 31, 2023 to RMB4.6 million as of December 31, 2024, and (ii) in increase in VAT recoverable from RMB20.3 million as of December 31, 2023 to RMB24.7 million as of December 31, 2024.

Our trade and other receivables subsequently increased to RMB158.1 million as of September 30, 2025, primarily attributable to (i) an increase in trade receivables, net of loss allowance from RMB50.6 million as of December 31, 2024 to RMB76.0 million as of September 30, 2025, primarily driven by our business growth, (ii) an increase in VAT recoverable from RMB24.7 million as of December 31, 2024 to RMB35.5 million as of September 30, 2025, and (iii) an increase in other receivables and deposits, net of loss allowance from RMB21.9 million as of December 31, 2024 to RMB31.6 million as of September 30, 2025.

As of December 31, 2023, 2024 and September 30, 2025, we recorded loss allowances for trade receivables of RMB3.2 million, RMB2.7 million and RMB4.4 million, respectively. For further details on impairment provisions, refer to Note 32 of the Accountants’ Report in Appendix I to this Document.

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,
	2024	2024	2025
			<i>(unaudited)</i>
	<i>(RMB in thousands)</i>		
Within 1 year . . . . .	47,860	49,447	75,713
Over 1 year but less than 2 years . . . . .	1,133	568	256
Over 2 years but less than 3 years . . . . .	13	560	64
<b>Total . . . . .</b>	<b><u>49,006</u></b>	<b><u>50,575</u></b>	<b><u>76,033</u></b>

## FINANCIAL INFORMATION

The following table sets forth the turnover days of our trade receivables for the years/period indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
		(days)	(unaudited)
Trade receivables turnover days <sup>(1)</sup> . . . . .	9.4	7.3	9.8

*Note:*

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

Our trade receivables turnover days decreased from 9.4 days in 2023 to 7.3 days in 2024, primarily attributable to our increased revenue from online channels which carries shorter credit terms than offline channels. Our trade receivables turnover days subsequently increased to 9.8 days in the nine months ended September 30, 2025, primarily attributable to our increased revenue from offline channels which carries longer credit terms than online channels.

As of November 30, 2025, RMB71.1 million, or 93.5% of our trade receivables outstanding as of September 30, 2025, had been subsequently settled.

### *Amounts Due from Shareholders*

Amounts due from shareholders increased from RMB2.4 million as of December 31, 2023 to RMB381.1 million as of December 31, 2024, primarily attributable to the increased receivables from shareholders in connection with the Reorganization.

Amounts due from shareholders decreased from RMB381.1 million as of December 31, 2024 to nil as of September 30, 2025, primarily attributable to the payment of such receivables to shareholders in connection with the Reorganization.

### *Time Deposits*

Our time deposits decreased from RMB29.0 million as of December 31, 2023 to RMB15.8 million as of December 31, 2024, primarily due to maturity and withdrawal of time deposit.

Our time deposits subsequently increased to RMB26.0 million as of September 30, 2025, primarily due to subscription of the time deposits.

## FINANCIAL INFORMATION

### *Restricted Cash*

Our restricted cash consist of (i) restricted deposits pledged in respect of bills payables, (ii) restricted funds held on third-party e-commerce platforms, (iii) restricted cash for derivative financial instruments, and (iv) others.

The following table sets forth a breakdown of our pledged bank deposits.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Restricted deposits pledged in respect of bills payables . . . . .	19,053	84,496	72,476
Restricted funds held on third-party platforms . . . . .	11,142	10,961	12,503
Restricted cash for derivative financial instruments . . . . .	–	–	56,986
Others . . . . .	1,933	21	2,154
<b>Total . . . . .</b>	<b><u>32,128</u></b>	<b><u>95,478</u></b>	<b><u>144,119</u></b>

Our restricted cash increased from RMB32.1 million as of December 31, 2023 to RMB95.5 million as of December 31, 2024, primarily attributable to an increase in deposits pledged in respect of bills payables from RMB19.1 million as of December 31, 2023 to RMB84.5 million as of December 31, 2024, aligning with the change of bill payables.

Our restricted cash subsequently increased to RMB144.1 million as of September 30, 2025 due to the increase in restricted cash for derivative financial instruments, which are related to the purchase of foreign currency forward contract.

### *Cash and Cash Equivalents*

Our cash and cash equivalents consist of (i) cash at bank and in hand, and (ii) cash on third-party e-commerce platforms.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our cash and cash equivalents.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Cash at bank and in hand . . . . .	454,837	936,948	1,031,728
Cash on third-party platforms . . . . .	<u>36,971</u>	<u>57,605</u>	<u>104,934</u>
<b>Total</b> . . . . .	<b><u>491,808</u></b>	<b><u>994,553</u></b>	<b><u>1,136,662</u></b>

Our cash and cash equivalents increased from RMB491.8 million as of December 31, 2023 to RMB994.6 million as of December 31, 2024, primarily attributed to an increase in cash at bank and in hand from RMB454.8 million as of December 31, 2023 to RMB936.9 million as of December 31, 2024, mainly due to the increased profits driven by our business growth. Our cash and cash equivalents further increased to RMB1,136.7 million as of September 30, 2025, primarily due to the increase of cash at bank and in hand from RMB936.9 million as of December 31, 2024 to RMB1,031.7 million as of September 30, 2025, mainly due to the increased profits driven by our business growth and the funds raised through financing activities.

### Liabilities

#### *Trade and Other Payables*

Our trade and other payables primarily consist of (i) trade payables, (ii) bills payable, (iii) accrued payroll, (iv) other tax payables, (v) payable for investment in unlisted equity securities, and (vii) other payables and accruals.

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Trade payables . . . . .	218,488	232,340	331,930
Bills payable . . . . .	18,744	84,073	93,360
Accrued payroll . . . . .	69,663	114,245	78,001
Other tax payables . . . . .	76,556	102,824	83,792

## FINANCIAL INFORMATION

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Payables for investment in unlisted equity securities . . . . .	–	15,000	1,580
Other payables and accruals . . . . .	<u>81,981</u>	<u>136,133</u>	<u>122,758</u>
<b>Total</b> . . . . .	<b><u>465,432</u></b>	<b><u>684,615</u></b>	<b><u>711,421</u></b>

Our trade and other payables increased from RMB465.4 million as of December 31, 2023 to RMB684.6 million as of December 31, 2024, primarily attributable to (i) the increase in bills payable from RMB18.7 million as of December 31, 2023 to RMB84.1 million as of December 31, 2024, primarily attributable to the adoption of bank acceptance bills as a new settlement method, along with negotiated extensions of payment terms with suppliers to a period of one to three months, and (ii) the increase in accrued payroll from RMB69.7 million as of December 31, 2023 to RMB114.2 million as of December 31, 2024, primarily attributable to the increase in the amount of unpaid employee compensation.

Our trade and other payables subsequently increased from RMB684.6 million as of December 31, 2024 to RMB711.4 million as of September 30, 2025, primarily due to an increase in trade payables from RMB232.3 million as of December 31, 2024 to RMB331.9 million as of September 30, 2025, partially offset by (i) a decrease in accrued payrolls from RMB114.2 million as of December 31, 2024 to RMB78.0 million as of September 30, 2025, and (ii) a decrease in other tax payables from RMB102.8 million as of December 31, 2024 to RMB83.8 million as of September 30, 2025.

We are generally granted a credit period ranging from 30 days to 120 days by our suppliers on purchases of goods. The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Within 1 year . . . . .	233,708	315,553	424,130
Over 1 year but less than 2 years . . . . .	2,753	50	307
Over 2 years but less than 3 years . . . . .	47	45	80
Over 3 years . . . . .	<u>724</u>	<u>765</u>	<u>773</u>
<b>Total</b> . . . . .	<b><u>237,232</u></b>	<b><u>316,413</u></b>	<b><u>425,290</u></b>

## FINANCIAL INFORMATION

The following table sets forth the turnover days of our trade payables for the years/periods indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
		<i>(days)</i>	<i>(unaudited)</i>
Trade payables turnover days <sup>(1)</sup> . . . . .	91.1	72.9	98.9

*Note:*

- (1) Trade payables turnover days for a period are calculated as the average of the opening and closing trade payables balances (net of allowance) divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

The turnover days of our trade payables decreased from 91.1 days in 2023 to 72.9 days in 2024, primarily attributable to the accelerated settlement of supplier balance. The turnover days of our trade payables subsequently increased to 98.9 days in the nine months ended September 30, 2025, primarily attributable to our strategic inventory buildup in anticipation of the peak season in the fourth quarter of the year.

As of November 30, 2025, RMB261.0 million, or 78.6% of our trade payables outstanding as of September 30, 2025, had been subsequently settled.

### *Amounts Due to Shareholders*

Amounts due to shareholders consist of (i) amount due to certain shareholders arising from the Reorganization, and (ii) deposits and advance payment from certain shareholders for the issuance of Series D preferred shares.

The following table sets forth the breakdown of amounts due to shareholders for the years/periods indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
		<i>(RMB in thousands)</i>	
Amounts due to certain shareholders arising from the Reorganization . . . . .	–	381,180	–
Deposits and advance payment from certain shareholders for the issuance of Series D preferred shares . . . . .	–	–	200,063
<b>Total</b> . . . . .	<u>–</u>	<u><b>381,180</b></u>	<u><b>200,063</b></u>

The amounts due to shareholders in 2024 was attributable to the increased payables to shareholders in connection with the Reorganization. The investment payable to shareholders was attributable to the deposits we received from certain shareholders in connection with the Series D financing, which was subsequently repaid or converted into Series D preferred shares.

## FINANCIAL INFORMATION

### *Contract Liabilities*

Our contract liabilities primarily represent advance payments from customers, for which the underlying goods are yet to be provided.

Our contract liabilities increased from RMB87.0 million as of December 31, 2023 to RMB139.0 million as of December 31, 2024, primarily attributable to the increased advance payments we received from our customers driven by our business growth.

Our contract liabilities subsequently increased to RMB150.4 million as of September 30, 2025, primarily attributable to the increased payment we received from our customers relating to the customer loyalty scheme we launched to retain customers.

### *Derivative Financial Instruments Liabilities*

Our derivative financial instruments liabilities increased from RMB0.2 million as of December 31, 2023 to RMB1.7 million as of December 31, 2024, primarily due to an increase in value of foreign currency forward contracts.

Our derivatives financial instrument liabilities reduced to nil as of September 30, 2025, primarily attributable to the settlement of derivative financial instruments.

### *Income Tax Payables*

Our income tax payable increased from RMB2.2 million as of December 31, 2023 to RMB4.9 million as of December 31, 2024 and further to RMB25.8 million as of September 30, 2025 in line with the growth of our business.

### *Other Liabilities*

Our other liabilities represent warranty provisions.

The following table sets forth a breakdown of our other liabilities as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
<b>Warranty provisions</b>			
Within 1 year . . . . .	6,873	9,289	10,130
More than 1 year . . . . .	1,117	2,357	3,203
<b>Total</b> . . . . .	<b>7,990</b>	<b>11,646</b>	<b>13,333</b>

## FINANCIAL INFORMATION

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we relied on cash and cash equivalents, cash generated from operations, and bank loans as the major sources of liquidity. We intend to finance our future capital requirements in the same manner after the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operation in the future.

#### Cash Flow

The following table sets forth our cash flows for the years/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>
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>373,259</b>	<b>494,743</b>	<b>64,028</b>	<b>146,163</b>
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>
<b>Cash and cash equivalents at the end of the year/period . . .</b>	<b><u>491,808</u></b>	<b><u>994,553</u></b>	<b><u>568,847</u></b>	<b><u>1,136,662</u></b>

#### *Net Cash Generated from/(Used in) Operating Activities*

Net cash used in operations in the nine months ended September 30, 2025, was RMB208.8 million, which primarily consists of profit before taxation of RMB72.4 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include cashflow increasing factors of (i) finance costs of RMB74.7 million, and (ii) share-based compensation expenses of RMB25.8 million, partially offset by decrease in bank interest income of RMB21.6 million. The amount was further adjusted by changes in working capital, primarily including cashflow decreasing factors of (i) increase in inventories of RMB424.4 million, (ii) increase in trade and other receivables of RMB45.4 million, partially offset by increase in trade and other payables of RMB41.2 million.

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## FINANCIAL INFORMATION

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Net cash generated from operating activities in 2024 was RMB373.0 million, which primarily consists of profit before taxation of RMB147.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items, primarily including cashflow increasing factors of (i) changes in finance costs of RMB91.0 million, (ii) equity-settled share-based transaction of RMB29.0 million, (iii) depreciation of right-of-use assets of RMB15.2 million, and (iv) depreciation of property, plant and equipment of RMB12.6 million, partially offset by decrease in bank interest income of RMB19.4 million. The amount was further adjusted by changes in working capital, primarily including cashflow increasing factors of (i) an increase in trade and other payables of RMB203.5 million, and (ii) an increase in contract liabilities of RMB52.0 million, partially offset by (i) an increase in inventories of RMB99.1 million, and (ii) an increase in restricted cash of RMB63.4 million.

Net cash generated from operating activities in 2023 was RMB369.9 million, which primarily consists of profit before taxation of RMB117.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items, primarily including cashflow increasing factor of (i) changes in finance costs of RMB74.9 million, and (ii) depreciation of right-of-use assets of RMB12.1 million, partially offset by bank interest income of RMB6.3 million. The amount was further adjusted by changes in working capital, primarily including cashflow increasing factor of (i) an increase in trade and other payables of RMB255.5 million, and (ii) an increase in contract liabilities of RMB71.4 million, partially offset by (i) an increase in inventories of RMB149.5 million, and (ii) increase in trade and other receivables of RMB37.5 million.

### *Net Cash Used in Investing Activities*

Net cash used in investing activities in the nine months ended September 30, 2025 was RMB339.3 million, primarily consists of cashflow decreasing factors of (i) payment for acquisition of financial assets measured at FVPL of RMB372.3 million, and (ii) placement of time deposits of RMB230.3 million, partially offset by cashflow increasing factors of (i) proceeds from maturity of time deposits of RMB222.5 million, and (ii) RMB130.3 million of proceeds from disposal of financial assets measured at FVPL.

Net cash flows used in investing activities in 2024 was RMB62.0 million, which primarily consists of cashflow decreasing factors of (i) payment for acquisition of financial assets measured at FVPL of RMB715.8 million, and (ii) payment for the purchase of property, plant and equipment of RMB80.2 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB719.2 million.

Net cash used in investing activities in 2023 was RMB69.7 million, which primarily consists of cashflow decreasing factors (i) payment for acquisition of financial assets measured at FVPL of RMB74.7 million, (ii) placement of time deposits of RMB35.4 million, and (iii) payment for the purchase of property, plant and equipment of RMB30.5 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB63.7 million.

## FINANCIAL INFORMATION

### *Net Cash Flows Generated from Financing Activities*

Net cash flows generated from financing activities in the nine months ended September 30, 2025 was RMB694.3 million, which primarily consists of (i) proceeds from bank loans of RMB510.1 million, (ii) proceeds from issuance of redeemable preferred shares to investors of RMB335.6 million, and (iii) proceeds from shareholders in connection of the Reorganization of RMB381.1 million, partially offset by (i) payments to shareholders in connection of the Reorganization of RMB381.1 million, and (ii) repayment of bank loans of RMB336.7 million.

Net cash flows generated from financing activities in 2024 was RMB183.8 million, which primarily consists of proceeds from bank loans of RMB451.0 million, and partially offset by repayment of bank loans of RMB253.0 million.

Net cash flows generated from financing activities in 2023 was RMB73.0 million, which primarily consists of proceeds from bank loans of RMB106.3 million, partially offset by (i) repayments of bank loans of RMB21.0 million, and (ii) capital element of lease rentals paid of RMB10.7 million.

### INDEBTEDNESS

As of November 30, 2025, being the latest practicable date for the purpose of the indebtedness statement, we had total indebtedness of RMB475.3 million, including bank loans and lease liabilities.

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

	<b>As of December 31,</b>		<b>As of September 30,</b>	<b>As of November 30,</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>
			<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(RMB in thousands)</i>	
<b>Current</b>				
Bank loans . . . . .	100,339	307,060	490,778	431,345
Lease liabilities . . . . .	13,763	15,899	15,537	17,041
<b>Non-current</b>				
Lease liabilities . . . . .	19,733	18,816	28,640	26,888
<b>Total . . . . .</b>	<b>133,835</b>	<b>341,775</b>	<b>534,955</b>	<b>475,274</b>

## FINANCIAL INFORMATION

### Bank Loans

Our bank loans were RMB100.3 million, RMB307.1 million, and RMB490.8 million and RMB431.3 million as of December 31, 2023, 2024, September 30, 2025 and November 30, 2025, respectively. The interest rates range from 1.80% to 4.98% during the Track Record Period. As of November 30, 2025, our unutilized bank facilities amounted to RMB137.5 million.

During the Track Record Period, all bank loans were repayable within 1 year or on demand.

### Lease Liabilities

We are the lessee in respect of certain properties held under leases for our buildings and others during the Track Record Period.

Our lease liabilities remained relatively stable at RMB33.5 million as of December 31, 2023 to RMB34.7 million as of December 31, 2024. Our lease liabilities subsequently increased to RMB44.2 million as of September 30, 2025, primarily attributable to the renewal of certain leases and execution of new lease agreements. Our lease liabilities decreased to RMB43.9 million as of November 30, 2025, primarily due to rental payments.

Except as otherwise disclosed under the sections titled “— Indebtedness” as of September 30, 2025, we did not have any material bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees, or other material contingent liabilities. Our Directors confirm that there have been no material changes in our indebtedness since the Latest Practicable Date and up to the date of this Document.

### CAPITAL EXPENDITURES

Our historical capital expenditures primarily included payments for the purchase of property, plant and equipment and intangible assets. The following table sets forth our capital expenditures for the years/periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
			<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Payments for the purchase of property, plant and equipment and intangible assets . . . . .	<u>30,523</u>	<u>80,163</u>	<u>29,931</u>
<b>Total . . . . .</b>	<b><u>30,523</u></b>	<b><u>80,163</u></b>	<b><u>29,931</u></b>

## FINANCIAL INFORMATION

We will continue to make capital expenditures to support the expected growth of our business and our expansion plans. For details, see “Future Plans and Use of [REDACTED] — Use of [REDACTED].” 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 operating activities and net [REDACTED] from the [REDACTED].

### CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and September 30, 2025, we had capital commitment related to the procurement of equipment in an aggregate amount of RMB0.2 million, RMB0.4 million, and RMB7.8 million.

### KEY FINANCIAL RATIOS

The following table sets forth our selected key financial ratios for the years/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>
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) <sup>(1)</sup> . . . . .	12.6%	10.4%	8.6%	9.7%

*Note:*

- (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.”

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 34 to the Accountants’ Report included in Appendix I to this Document. With respect to the guarantee provided by a director, such guarantee will either be repaid or released immediately before the [REDACTED].

Our Directors are of the view that each of the related party transactions set out in Note 34 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.

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## FINANCIAL INFORMATION

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### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet arrangement.

### QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

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

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables.

The Group’s exposure to credit risk arising from cash and cash equivalents, restricted cash and time deposits with more than three months to maturity is limited because the counterparties are state-owned banks or reputable commercial banks for which we consider having low credit risk.

#### Liquidity Risk

Our policy is to regularly monitor liquidity requirements, and to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from interest-bearing borrowings. Our interest-bearing borrowings at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively. We do not use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, we would take appropriate measures to manage interest risk exposure.

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## FINANCIAL INFORMATION

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### Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily U.S. dollars, Euros, RMB and Japanese yen.

Our finance department has a professional team to manage the risk arising from fluctuation of exchange rates, with approach of signing forward foreign exchange hedging contracts and controlling the scale of foreign currency assets and liabilities, to minimize foreign exchange risk, and to reduce the impact of exchange rate fluctuations on business performance.

### DIVIDENDS

During the Track Record Period, 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.

### WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion, and the Joint Sponsors concur, that, taking into account the financial resources available to our Group, including the estimated net [REDACTED] from the [REDACTED] and the expected cash flows generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

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## FINANCIAL INFORMATION

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### DISTRIBUTABLE RESERVES

As of September 30, 2025, we 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) 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] expenses in 2023, 2024 and the nine months ended September 30, 2025, in our consolidated statements of profit or loss.

### 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.

## FINANCIAL INFORMATION

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[REDACTED]

## FINANCIAL INFORMATION

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[REDACTED]