

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the year ended December 31, 2023 and 2024 and the nine months ended September 30, 2025 included in the Accountant’s Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRSs, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the “Risk Factors,” “Forward-Looking Statements” and “Business” section in this document. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a leading provider of digital and intelligent C&I energy storage solutions. Leveraging our energy management algorithms and full-stack technology framework, we offer advanced energy storage solutions to our customers worldwide. According to Frost & Sullivan, in the nine months ended September 30, 2025 and among approximately 900 Chinese C&I lithium-battery energy storage system integrators, we ranked eighth in terms of the global shipment volume of C&I energy storage systems and third in terms of the shipment volume of C&I energy storage systems in the overseas markets. We have consistently pursued a global strategy and are one of the first movers among the Chinese enterprises to break in the overseas C&I energy storage markets.

As of the Latest Practicable Date, our business covered more than 50 countries and regions, and our energy storage solutions were deployed in over 600 operational energy storage stations across more than 40 industries. As of the same date, we held a total of 189 intellectual property rights and obtained more than 570 certifications globally, operated three major R&D centers in the Chinese Mainland, and maintained six regional offices as well as 20 service centers in the Chinese Mainland, Europe, Australia, Hong Kong and other regions.

Our major awards and recognitions include being designated as a National Key Specialized, Refined, Distinctive and Innovative Little Giant Enterprise (國家重點專精特新“小巨人”企業) by the Ministry of Industry and Information Technology in 2025, winning the First Prize of the 2022 Shanghai Science and Technology Progress Award (2022年度上海市科技進步一等獎) by the Shanghai Municipal Government and winning a gold medal at the Geneva International Invention Exhibition in both 2024 and 2025.

FINANCIAL INFORMATION

After years of dedicated efforts, we have achieved rapid growth during the Track Record Period. Our revenue was RMB266.8 million and RMB268.3 million in 2023 and 2024, respectively. Our revenue increased significantly from RMB124.9 million for the nine months ended September 30, 2024 to RMB476.4 million for the nine months ended September 30, 2025. Our gross profit increased significantly from RMB22.0 million in 2023 to RMB48.5 million in 2024 and from RMB18.5 million for the nine months ended September 30, 2024 to RMB90.8 million for the nine months ended September 30, 2025. In 2023, 2024, and the nine months ended September 30, 2024 and 2025, our gross profit margin was 8.3%, 18.1%, 14.8% and 19.1%, respectively.

BASIS OF PREPARATION OF OUR FINANCIAL INFORMATION

Our historical financial information has been prepared in accordance with principal accounting policies in accordance with HKFRSs issued by the HKICPA. The principal accounting policies have been consistently applied to all the years and periods presented, unless otherwise stated. The consolidated financial statements of our Group for the year ended December 31, 2023 and 2024 were audited by our Reporting Accountant, and the consolidated financial statements of our Group for the nine months ended September 30, 2025 were reviewed by our Reporting Accountant in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. The historical financial information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operating results have been and will continue to be affected, directly and indirectly, by a number of factors. The following factors are not exhaustive and our business and financial condition and operating results may also be affected by the risk factors set forth in the "Risk Factors" in this document.

Development Trends and Market Competition in the Global and Chinese Mainland's Lithium-ion Battery Energy Storage System Industry

The development trajectory of the global and Chinese lithium-ion battery energy storage system industry, including the commercial and industrial ("C&I") segment, represents a key factor influencing our financial performance.

According to Frost & Sullivan, the global lithium-ion battery energy storage system market is undergoing rapid expansion driven by accelerating renewable energy adoption, improvements in overall system performance and rising demand for energy autonomy on the user side. The market is projected to grow at a CAGR of 23.2% between 2024 and 2030, with the C&I segment expected to grow at a CAGR of 28.6%, indicating sustained market expansion. Notably, overseas markets, particularly Europe, show strong structural growth potential, with total shipment volume for lithium-ion battery energy storage systems and the C&I segment forecast to reach 88.9GWh and 9.4GWh, by 2030, growing at CAGRs of 20.0% and 30.5% between 2024 and 2030, respectively.

In the Chinese Mainland, the lithium-ion battery energy storage system market as well as C&I segment are simultaneously experiencing high-speed expansion and intensified competition. The entry of new players and aggressive pricing strategies adopted by large-scale industry players have accelerated declines in average selling prices and compressed margin across the sector. These dynamics have reinforced competitive pressures, particularly in the domestic market.

FINANCIAL INFORMATION

While in the nine months ended September 30, 2025, we ranked eighth and third among Chinese lithium-battery energy storage system integrators, respectively, in terms of the shipment volume of C&I energy storage systems globally and in the overseas markets (outside the Chinese Mainland), we continue to face competitive challenges, including the scale advantage and pricing power of other players, as well as continued price pressure from emerging entrants. Nevertheless, overseas markets exhibit structurally stronger demand growth, supported by (i) accelerated grid-modernization needs arising from increasing deployment of renewable energy, coupled with weak grid infrastructure, calling for better energy storage solutions; and (ii) rising demand for C&I and residential energy storage solutions driven by industrial development across overseas markets.

Reflecting these trends, our overseas revenue contribution has increased throughout the Track Record Period, amounting to RMB38.6 million, RMB135.7 million, RMB60.9 million and RMB212.8 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, accounting for 14.5%, 50.6%, 48.8% and 44.7% of our total revenue, respectively. We expect overseas sales, particularly in Europe and Asia-Pacific, to remain a key driver of our future growth. To capture this momentum, we intend to continue focusing on high-end overseas markets that emphasize product safety, system reliability and lifecycle performance, while expanding value-added services such as energy management software, virtual power plant ("VPP") platforms and other intelligent operation solutions to strengthen customer stickiness, create new revenue streams and enhance long-term profitability.

Overall, the interplay between rapid market expansion, intensifying competition and evolving customer demand, both in the Chinese Mainland and overseas, remains a key factor influencing our pricing strategy, margin profile and product mix evolution, and will continue to have a material impact on our financial performance going forward.

Supply Chain Management and Fluctuations in Raw Material Prices

Our profitability depends partly on our ability to effectively manage and optimize our costs. During the Track Record Period, our raw material costs were the largest component of our cost of sales. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our raw material costs were RMB227.3 million, RMB194.2 million, RMB89.1 million and RMB355.9 million, accounting for 92.8%, 88.4%, 83.7% and 92.3%, respectively, of our total cost of sales for the same periods. As these raw materials are primarily priced based on market conditions and our bargaining position with suppliers, changes in their prices directly influence our gross profit margins.

To hedge against the risks of price fluctuations in raw materials, we (i) strategically maintain several months of safety stock for critical materials such as core electronic components and battery cells; (ii) engage in ongoing communication and long-term strategic cooperation with suppliers; and (iii) enter into framework procurement agreements that specify procurement prices with certain of our suppliers to manage potential cost increases. Furthermore, our tiered product portfolio allows us to balance cost pressures while responding to different customer price expectations.

Despite these mitigation efforts, we cannot assure you that volatility in raw material prices or supply chain disruptions will not recur in the future, or that we will always be able to pass increased costs through to customers, obtain alternative sourcing in a timely manner, or maintain stable gross profit margins under adverse market conditions. See "Risk Factors — Risks Relating to Our Business And Industry — Price fluctuations and inadequate or interrupted supply for our materials and components could adversely affect our business operation, financial condition and future prospects." As such, the management of raw material cost fluctuations and supply chain stability remains a key factor affecting our results of operations.

FINANCIAL INFORMATION

Investment in Technological Innovation and Product Development Capabilities

Our results of operations are significantly influenced by our continued investment in technological innovation and product development, which underpins our competitiveness in the rapidly evolving energy storage industry. As the market transitions from pure hardware competition towards integrated, software-driven system intelligence, the ability to combine high-efficiency and high-reliability hardware with advanced software algorithms, intelligent control systems and data-driven operational platforms has become a critical differentiator.

During the Track Record Period, we primarily derived our revenue from the sales of C&I, utility and residential energy storage solutions, centered on our proprietary hardware and software technologies. See "Business — Research and Development — Our Solutions." We have been continuously investing in R&D to maintain and advance our technological capabilities. Our R&D expenses amounted to RMB46.3 million, RMB47.4 million, RMB32.7 million and RMB38.3 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, accounting for 17.3%, 17.7%, 26.2% and 8.0% of our total revenue for the same periods, respectively. In the nine months ended September 30, 2024 and 2025, our R&D expenses as a percentage of our total revenue dropped from 26.2% to 8.0%, primarily as our revenue significantly increased during the period.

Leveraging our proprietary energy storage system integration technologies and our intelligent energy management software, we deliver solutions that improve system security, reliability and full lifecycle operation efficiency. These technological advantages position us to compete effectively in complex C&I application scenarios, where customers increasingly demand not only high-performing hardware but also intelligent, interoperable and grid-responsive capabilities. In turn, this helps build customer trust and further strengthen customer stickiness.

Furthermore, supportive national policies in the Chinese Mainland have emphasized the importance of technological advancement and standardized management for next-generation energy storage technologies, driving innovation across the industry. In line with these trends, we are increasing strategic investment in frontier areas such as intelligent energy-management software and VPP aggregation technologies, which enable customers to optimize energy usage and economic returns.

These R&D efforts not only enhance our current product offerings but also create new business models and recurring revenue streams. As the complexity and intelligence required of energy solutions continue to rise, the scalability of our software-driven architecture and system-level design capabilities will play an increasingly important role in customer value proposition and long-term financial performance. Consequently, sustained investment in technological innovation remains a key factor affecting our results of operations.

Sales and Distribution Networks and Customer Structure

Our results of operations are significantly affected by the structure, coverage and effectiveness of our sales and distribution networks, as well as the composition and stability of our customer base. The energy storage industry remains relatively fragmented, with diverse application scenarios across regions and sectors. While certain customers in different countries or vertical industries may require certain customized functions, product specifications within a given geographic region are generally standardized. As such, broad sales coverage, deep market penetration and responsive after-sales capabilities are critical to customer acquisition and retention. As of the Latest Practicable Date, we had established market presence in both the Chinese Mainland and more than 50 overseas countries and regions, including Europe, Australia, Southeast Asia and the Middle East.

FINANCIAL INFORMATION

In particular, order visibility and stability from key customers directly influence our revenue planning and operational forecasts. In a fragmented global energy storage market, reliance on a limited number of strategic customers could increase exposure to fluctuations in order volumes. To mitigate such risks and enhance network resilience, we have strengthened our sales and distribution networks, which allows us to expand market reach in both the Chinese Mainland and overseas and engage closely with customers. During the Track Record Period, we adopted a direct sales model in the domestic market and both direct sales and distribution models in overseas markets. Furthermore, in overseas markets, we have established strategic partnerships with our distributors. This approach enables us to (i) accelerate global expansion and enhance our market adaptability while reducing market entry barriers and costs, by leveraging our distributors' local networks, distribution channels, regulatory knowledge and deeper insights into the local markets; (ii) diversify market exposure and improve revenue stability; and (iii) strengthen liquidity management and ease the pressure on cash flow through full-payment or prepayment arrangements required from our distributors.

During the Track Record Period, we did not encounter the termination of any material contract with key customers or suppliers, nor did we experience significant abnormal pricing fluctuations arising from commercial disputes or concentration risks. Our diversified customer structure, combined with a balanced mix of direct sales and distribution network, has contributed to the resilience of our revenue base and contributed to the stability of our business performance. Continued expansion and optimization of our domestic and overseas sales networks, as well as maintaining strong long-term relationships with key customers and distributors, remain key factors affecting our results of operations.

Seasonality

According to Frost & Sullivan, the sales of our energy storage solutions exhibit a certain level of seasonality, which is attributable to (i) shifts in power demand, which typically peaks in winter seasons and amid extreme weathers or energy crunch; (ii) policy influences, which may create a period of concentrated installation at the end of a year; and (iii) holidays, which may slow down project approvals and installations. Typically, we experience a slowdown in order intake and project delivery in the first quarter due to holidays, including Christmas, the New Year and the Chinese New Year, which decelerate logistical and on-site activities, and a peak in order intake in the third quarter. Affected by seasonality, the revenue recognition of our energy storage solutions is typically higher in the second half of the year. See "Business — Seasonality." As a result, our financial condition and results of operations are subject to periodic fluctuations attributable to sales volume variations resulted from seasonality.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates. Our management continually evaluates such estimates, assumptions and judgements based on historical experience and other assumptions which our management believes to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. Our material accounting policies and estimates, which are important for understanding our financial condition and results of operations, are set out in the Accountant's Report in Appendix I to this document, including notes 2, 4, 5(d), 16(a), 22, 34 and 37 therein.

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)							
					(Unaudited)		(Unaudited)	
Revenue	266,835	100.0	268,275	100.0	124,885	100.0	476,389	100.0
Cost of sales	(244,800)	(91.7)	(219,764)	(81.9)	(106,378)	(85.2)	(385,615)	(80.9)
Gross profit	22,035	8.3	48,511	18.1	18,507	14.8	90,774	19.1
Other income	2,047	0.8	5,973	2.2	4,429	3.5	2,677	0.6
Other gains/(losses), net	777	0.3	(1,435)	(0.5)	853	0.7	5,054	1.1
Selling and marketing expenses	(37,846)	(14.2)	(67,086)	(25.0)	(47,244)	(37.8)	(47,194)	(9.9)
Research and development expenses	(46,259)	(17.3)	(47,377)	(17.7)	(32,749)	(26.2)	(38,270)	(8.0)
Administrative expenses	(87,691)	(32.9)	(137,113)	(51.1)	(108,888)	(87.2)	(45,161)	(9.5)
(Provision for)/reversal of impairment of financial assets and contract assets	(5,456)	(2.0)	(1,806)	(0.7)	2,331	1.9	(4,130)	(0.9)
Operating losses	(152,393)	(57.1)	(200,333)	(74.7)	(162,761)	(130.3)	(36,250)	(7.6)
Finance income	87	0.0	679	0.3	499	0.4	335	0.1
Finance costs	(1,424)	(0.5)	(3,814)	(1.4)	(2,568)	(2.1)	(4,365)	(0.9)
Finance costs, net	(1,337)	(0.5)	(3,135)	(1.2)	(2,069)	(1.7)	(4,030)	(0.8)
Share of results of associates	—	—	(5)	(0.0)	—	—	—	—
Loss before income tax	(153,730)	(57.6)	(203,473)	(75.8)	(164,830)	(132.0)	(40,280)	(8.5)
Income tax expense	—	—	(1,073)	(0.4)	(410)	(0.3)	(118)	(0.0)
Loss for the year/period	(153,730)	(57.6)	(204,546)	(76.2)	(165,240)	(132.3)	(40,398)	(8.5)

Revenue

During the Track Record Period, we primarily generated revenue from the sales of C&I, utility and residential energy storage solutions. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB266.8 million, RMB268.3 million, RMB124.9 million and RMB476.4 million, respectively.

FINANCIAL INFORMATION

Revenue by Business Segment

We provide our customers with energy storage solutions designed for their diverse needs in C&I, utility and residential application scenarios. The energy storage solutions that we offer combine hardware products, their corresponding software platforms that are customizable for the specific needs of customers and after-sales services. We have built a complete business closed loop featuring global market coverage, differentiated sales channels, standardized delivery and payment collection in installments. See “Business — Our Business Segments and Models.” We also generated revenue from others, which primarily represented revenue from (i) service fees from energy storage stations to optimize our customers’ energy costs under energy management contracts; and (ii) fees for our customization and development of energy storage systems.

Our revenues in substantially all business segments increased during the Track Record Period, primarily driven by (i) increasing demand for our solutions; and (ii) our growing customer base especially in overseas markets supported by our accumulated insights into customer needs.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(RMB in thousands, except for percentages)</i>				<i>(Unaudited)</i>		<i>(Unaudited)</i>	
C&I energy storage system solutions	88,843	33.3	221,638	82.6	107,670	86.2	330,456	69.4
Utility energy storage system solutions	158,411	59.4	14,572	5.4	—	—	94,091	19.7
Residential energy storage system solutions	19,525	7.3	29,368	11.0	16,532	13.2	48,048	10.1
Others	56	0.0	2,697	1.0	683	0.6	3,794	0.8
Total	<u>266,835</u>	<u>100.0</u>	<u>268,275</u>	<u>100.0</u>	<u>124,885</u>	<u>100.0</u>	<u>476,389</u>	<u>100.0</u>

Revenue by Geographical Location

During the Track Record Period, we successfully established market presence in the Chinese Mainland and overseas, primarily in Europe, Asia-Pacific (including Australia and Southeast Asia) and the Middle East.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue by geographical location (based on location of customers) for the periods indicated:

	<u>Year ended December 31,</u>				<u>Nine months ended September 30,</u>			
	<u>2023</u>		<u>2024</u>		<u>2024</u>		<u>2025</u>	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(RMB in thousands, except for percentages)</i>				<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Chinese Mainland	228,251	85.5	132,590	49.4	63,987	51.2	263,629	55.3
Europe	32,308	12.1	114,082	42.5	47,664	38.2	168,284	35.4
Others	6,276	2.4	21,603	8.1	13,234	10.6	44,476	9.3
Total	<u>266,835</u>	<u>100.0</u>	<u>268,275</u>	<u>100.0</u>	<u>124,885</u>	<u>100.0</u>	<u>476,389</u>	<u>100.0</u>

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from the Chinese Mainland amounted to RMB228.3 million, RMB132.6 million, RMB64.0 million and RMB263.6 million, respectively. Our revenue from the Chinese Mainland was relatively high in 2023 as compared to 2024, primarily because we delivered a large-scale utility energy storage solution order in 2023. In the nine months ended September 30, 2025, we witnessed a significant increase in our revenue from the Chinese Mainland as compared to the same period in 2024, primarily due to (i) our increased sales of C&I energy storage solutions; and (ii) the revenue recognition of utility energy storage solution orders in 2025 which were initiated in previous years. Such revenue recognition was subject to overall delivery progress.

Such notable growth in our revenue from both Europe and other countries and regions throughout the Track Record Period primarily resulted from (i) our sales and distribution network expansion and optimization, branding and promotion efforts as well as our established local sales network including pre- and after-sales services; (ii) mounting demand for energy stability, spiking C&I electricity prices as well as electricity price spread volatility which in turn fueled demand for our solutions. According to Frost & Sullivan, such demand features (a) accelerating grid-modernization initiatives, which stems from increasing deployment of renewable energy, coupled with weak grid infrastructure, calling for better energy storage solutions; and (b) rising demand for C&I and residential energy storage solutions, which came from industrial development across overseas markets; and (iii) recognition of our solutions widely earned among customers.

FINANCIAL INFORMATION

Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price (“ASP”) of our solutions during the Track Record Period:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>Sales Volume</i>	<i>ASP</i>	<i>Sales Volume</i>	<i>ASP</i>	<i>Sales Volume</i>	<i>ASP</i>	<i>Sales Volume</i>	<i>ASP</i>
	<i>(Sales Volume in kWh, ASP in RMB/Wh)</i>							
C&I energy storage solutions	52,791	1.7	161,003	1.4	63,888	1.7	320,888	1.0
Utility energy storage solutions	100,000	1.6	18,632	0.8	—	—	109,860	0.9
Residential energy storage solutions	<u>6,762</u>	2.9	<u>12,553</u>	2.3	<u>6,913</u>	2.4	<u>25,780</u>	1.9
Overall/Total	<u>159,554</u>	1.7	<u>192,188</u>	1.4	<u>70,801</u>	1.7	<u>456,528</u>	1.0

The sales volume of our energy storage solutions increased during the Track Record Period primarily as a result of (i) our continuous business expansion efforts; and (ii) increasing demand for our solutions, especially in the overseas markets.

The ASP of our energy storage solutions decreased between 2023 and 2024 as well as the nine months ended September 30, 2024 and 2025. Such decreases were primarily due to a reduction in battery prices, which had driven down overall costs and therefore the pricing industry-wide. In particular, we did not record revenue from utility energy storage solutions in the nine months ended September 30, 2024, therefore no sales volume and ASP were recorded.

Revenue by Sales Channel

Based on the characteristics of different markets, we adopt differentiated sales channels to ensure that our energy storage solutions reach our target customers efficiently. For customers in Chinese Mainland, we implement a direct sales model to reduce intermediate costs and ensure the accuracy of demand transmission as well as our timeliness of service response. For customers in overseas markets, we adopt both direct sales and distribution models to better and more quickly adapt to the market environments, policies and regulations as well as customer habits in different countries and regions.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue by sales channel, including direct sales and distributors, for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>							
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Direct sales	253,433	95.0	237,700	88.6	116,210	93.0	434,003	91.1
Distributors	13,402	5.0	30,575	11.4	8,675	7.0	42,386	8.9
Total	266,835	100.0	268,275	100.0	124,885	100.0	476,389	100.0

Our revenue from distributors consistently increased throughout the Track Record Period due to our overseas expansion efforts.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw material costs, which primarily represent costs of vendors of batteries and accessories, transformers, power modules and sheet metal components; (ii) direct labor costs; and (iii) production costs, which primarily represent indirect labor costs, depreciation and amortization of our production equipment and machinery, transportation costs and utilities.

The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>							
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Raw material costs	227,296	92.8	194,228	88.4	89,078	83.7	355,855	92.3
Direct labor costs	1,785	0.7	5,143	2.3	2,900	2.7	4,360	1.1
Production costs	15,729	6.5	20,393	9.3	14,400	13.6	25,400	6.6
Total	244,800	100.0	219,764	100.0	106,378	100.0	385,615	100.0

During the Track Record Period, our raw material costs was the largest component of our cost of sales, among which, the procurement costs of vendors of batteries and accessories represented a significant portion of our raw material costs. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our raw material costs were RMB227.3 million, RMB194.2 million, RMB89.1 million and RMB355.9 million, accounting for 92.8%, 88.4%, 83.7% and 92.3%, respectively. Our cost of sales decreased slightly from RMB244.8 million in 2023 to RMB219.8 million in 2024, primarily due to decreased raw material costs in 2024 as compared to 2023 due to a higher amount of utility energy storage solution orders in 2023, which entailed a large amount of raw materials. Our raw material costs as a percentage of our total cost of sales were slightly lower in the nine months ended September 30, 2024 as we did not record revenue from our utility energy storage solutions which entailed a large amount of raw materials. Our cost of sales increased significantly from RMB106.4 million for the nine months ended September 30, 2024 to RMB385.6 million for the nine months ended September 30, 2025, primarily attributable to increased raw material costs as a result of increased sales of energy storage solutions.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our gross profit was RMB22.0 million, RMB48.5 million, RMB18.5 million and RMB90.8 million, respectively. The notable increases were primarily because our revenue recorded notable growth during the Track Record Period. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our gross profit margin was 8.3%, 18.1%, 14.8% and 19.1%, respectively. Such increases in gross profit margin throughout the Track Record Period were primarily driven by higher contribution of higher-margin energy storage solutions as we scaled down less profit-making business both in the Chinese Mainland and overseas.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	GP	GPM	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>							
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
C&I energy storage solutions	3,637	4.1	52,565	23.7	22,461	20.9	77,723	23.5
Utility energy storage solutions	16,209	10.2	1,807	12.4	—	—	7,774	8.3
Residential energy storage solutions	2,139	11.0	(8,006)	(27.3)	(4,256)	(25.7)	2,408	5.0
Others ⁽¹⁾	50	89.3	2,145	79.5	303	44.3	2,869	75.6
Overall/Total	22,035	8.3	48,511	18.1	18,508	14.8	90,774	19.1

Note:

- (1) Others primarily referred to gross profit and gross profit margin from (i) service fees from energy storage stations to optimize our customers' energy costs under energy management contracts; and (ii) fees for our customization and development of energy storage systems.

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical location (based on location of customers) for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	GP	GPM	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>							
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Chinese Mainland	13,211	5.8	15,853	12.0	6,082	9.5	38,923	14.8
Europe	8,619	26.7	33,597	29.5	13,313	27.9	44,587	26.5
Others ⁽¹⁾	205	3.3	(939)	(4.4)	(887)	(6.7)	7,264	16.3
Overall/Total	22,035	8.3	48,511	18.1	18,508	14.8	90,774	19.1

Note:

- (1) Others primarily included gross profit and gross profit margin in Asia-Pacific (including Australia and Southeast Asia) and the Middle East.

FINANCIAL INFORMATION

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our gross profit from the Chinese Mainland amounted to RMB13.2 million, RMB15.9 million, RMB6.1 million and RMB38.9 million, primarily due to increasing sales of our energy storage solutions during the period. The corresponding gross profit margins were 5.8%, 12.0%, 9.5% and 14.8%, respectively, primarily due to increasing sales of our C&I energy storage solutions which had a higher profit margin.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our gross profit from Europe amounted to RMB8.6 million, RMB33.6 million, RMB13.3 million and RMB44.6 million, respectively, primarily due to increasing sales as a result of surging demand for our energy storage solutions during the period. The corresponding gross profit margins increased from 26.7% in 2023 to 29.5% in 2024, primarily due to favorable overseas pricing position following our expansion into Europe as one of the first movers. Our gross profit margin from Europe decreased from 27.9% for the nine months ended September 30, 2024 to 26.5% for the nine months ended September 30, 2025, primarily due to increased sales of residential energy storage solutions while we consumed previous battery inventories with higher costs.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded gross profit from other regions of RMB0.2 million, gross loss of RMB0.9 million, gross loss of RMB0.9 million and gross profit of RMB7.3 million, with gross profit margin of 3.3%, gross loss margin of 4.4%, gross loss margin of 6.7% and gross profit margin of 16.3%, respectively. Such changes were primarily due to (i) favorable overseas pricing position following our expansion into other regions in 2023 as one of the first movers; (ii) our increased sales in residential energy storage solutions in Australia as we consumed previous battery inventories with higher costs in 2024; and (iii) our continuous improvements in operational and production efficiency and increased sales in C&I energy storage solutions with higher profit margin in the Middle East in 2025.

Other Income

During the Track Record Period, other income mainly consisted of government grants relating to subsidies and awards in recognition of our technological advancement which amounted to RMB1.8 million, RMB6.0 million, RMB4.4 million and RMB2.1 million in 2023, 2024 and the nine months ended September 30, 2024, and 2025, representing 86.7%, 100.0%, 100.0% and 79.8% of our total other income in the respective periods, respectively.

Other Gains/(Losses), Net

During the Track Record Period, other gains/(losses), net primarily consisted of exchange gains/(losses), arising mainly from fluctuations in foreign currency exchange rates that affect our international transactions and foreign-currency-denominated balances in our ordinary course of business. See note 8 to the Accountant's Report in Appendix I to this document.

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily consisted of (i) staff costs, comprising employee benefit expenses and share-based payment expenses; (ii) advertising and exhibition expenses; (iii) travelling and business development expenses; and (iv) service fees mainly relating to rental fees and professional consultancy fees.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(RMB in thousands, except for percentages)</i>				<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Staff costs	18,704	49.4	30,964	46.2	21,385	45.3	18,559	39.3
Advertising and exhibition expenses	5,851	15.5	9,540	16.8	6,627	14.0	9,111	19.3
Travelling and business development expenses	6,958	18.4	11,261	16.6	8,397	17.8	8,702	18.4
Service fees	3,624	9.6	11,137	14.2	7,472	15.8	7,543	16.0
Others ⁽¹⁾	2,709	7.1	4,184	6.2	3,363	7.1	3,279	7.0
Total	<u>37,846</u>	<u>100.0</u>	<u>67,086</u>	<u>100.0</u>	<u>47,244</u>	<u>100.0</u>	<u>47,194</u>	<u>100.0</u>

Note:

(1) Primarily included complimentary prototype and office expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses mainly consisted of (i) staff costs, comprising employee benefits expenses and share-based payment expenses; (ii) service fees, mainly relating to product certification; and (iii) materials for our research and development.

The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(RMB in thousands, except for percentages)</i>				<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Staff costs	37,699	81.5	34,944	73.8	24,322	74.3	26,155	68.3
Service fees	689	1.5	1,754	3.7	1,373	4.2	4,915	12.8
Materials	5,834	12.6	7,128	4.3	4,741	14.5	4,357	11.4
Depreciation and amortization	1,401	3.0	2,059	15.0	1,517	4.6	1,693	4.4
Others ⁽¹⁾	636	1.4	1,492	3.2	796	2.4	1,150	3.1
Total	<u>46,259</u>	<u>100.0</u>	<u>47,377</u>	<u>100.0</u>	<u>32,749</u>	<u>100.0</u>	<u>38,270</u>	<u>100.0</u>

Note:

(1) Primarily included office expenses and travelling expenses.

FINANCIAL INFORMATION

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, comprising employee benefit expenses and share-based payment expenses; (ii) depreciation and amortization; and (iii) service fees mainly relating to professional consultancy fees.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(RMB in thousands, except for percentages)</i>							
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Staff costs	66,381	75.7	112,211	81.8	91,233	83.8	24,541	54.3
Depreciation and amortization	4,411	5.0	8,156	6.0	5,970	5.5	7,686	17.0
Service fees	5,770	6.6	6,927	5.0	4,819	4.4	5,223	11.6
Office and travelling expenses	4,514	5.1	3,664	2.7	2,497	2.3	4,228	9.4
Others ⁽¹⁾	6,615	7.6	6,155	4.5	4,369	4.0	3,483	7.7
Total	<u>87,691</u>	<u>100.0</u>	<u>137,113</u>	<u>100.0</u>	<u>108,888</u>	<u>100.0</u>	<u>45,161</u>	<u>100.0</u>

Note:

(1) Primarily included business development expenses and insurance expenses.

(Provision for)/Reversal of Impairment of Financial Assets and Contract Assets

Our (provision for)/reversal of impairment of financial assets and contract assets represented the expected credit losses or reversal of the expected credit loss on our financial assets and contract assets. Provision for impairment of financial assets and contract assets amounted to RMB5.5 million, RMB1.8 million and RMB4.1 million in 2023, 2024 and the nine months ended September 30, 2025, respectively, and we recorded reversal of impairment of financial assets and contract assets of RMB2.3 million for the nine months ended September 30, 2024.

Finance Costs, Net

During the Track Record Period, our finance costs, net comprised (i) finance income, relating to interest income from bank deposits; and (ii) finance costs comprising interest expense on bank and other borrowings and lease liabilities.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our finance costs, net for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	<i>(RMB in thousands)</i>			
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Finance income				
Interest income from bank deposits	87	679	499	335
Finance costs				
Interest expense on bank and other borrowings	(1,371)	(3,417)	(2,282)	(4,006)
Interest expense on lease liabilities	(53)	(397)	(286)	(359)
Subtotal	(1,424)	(3,814)	(2,568)	(4,365)
Finance costs, net	(1,337)	(3,135)	(2,069)	(4,030)

Income Tax Expense

We recorded income tax expenses of nil, RMB1.1 million, RMB0.4 million and RMB0.1 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Pursuant to the Corporate Income Tax Law of the PRC effective from January 1, 2008 (the “**CIT Law**”), companies in the Chinese Mainland are subject to income tax of 25% unless preferential rate is applicable. We are subject to a tax rate of 15% during the Track Record Period as we were eligible for the tax concession granted by the PRC government as a high-tech enterprise (the “**High and New Tech Enterprise**”) up to October 2025, subject to renewal upon expiry. As of the Latest Practicable Date, we had applied for renewal of the High and New Tech Enterprise certification and the renewal procedures were in progress, and we had not had any material dispute with any tax authority.

No Hong Kong and overseas profits tax has been provided during the Track Record Period since there was no tax assessable profit generated from Hong Kong and overseas.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Revenue increased significantly from RMB124.9 million for the nine months ended September 30, 2024 to RMB476.4 million for the nine months ended September 30, 2025, primarily due to the increased sales of our C&I and residential energy storage solutions, driven by increasing demand for our energy storage solutions and the growth of our customer base especially in overseas markets.

FINANCIAL INFORMATION

Revenue by Business Segments

Revenue generated from our C&I energy storage solutions increased significantly from RMB107.7 million for the nine months ended September 30, 2024 to RMB330.5 million for the nine months ended September 30, 2025, due to increased sales both in the Chinese Mainland and overseas. Such increased sales overseas were primarily driven by (i) our sales and distribution network expansion and optimization, branding and promotion efforts as well as our established local sales network including pre- and after-sales services; (ii) mounting demand for energy stability, spiking C&I electricity prices as well as electricity price spread volatility which in turn fueled demand for our solutions; and (iii) recognition of our solutions widely earned among customers. In the Chinese Mainland, such increased sales were primarily driven by (i) decreased average selling prices industry-wide resulted from downward battery procurement costs; and (ii) improved performance and competitiveness of our solutions.

Revenue generated from our utility energy storage solutions increased significantly from nil for the nine months ended September 30, 2024 to RMB94.1 million for the nine months ended September 30, 2025, primarily due to the revenue recognition of utility energy solution orders in 2025 which were initiated in previous years.

Revenue generated from our residential energy storage solutions increased significantly from RMB16.5 million for the nine months ended September 30, 2024 to RMB48.0 million for the nine months ended September 30, 2025, mainly driven by increased sales overseas. Such increase was primarily driven by (i) our sales and distribution network expansion and optimization, branding and promotion efforts as well as our established local sales network including pre- and after-sales services; (ii) mounting demand for energy stability, spiking electricity prices as well as electricity price spread volatility which in turn fueled demand for our solutions; and (iii) recognition of our solutions widely earned among customers.

Cost of sales

Our cost of sales increased significantly from RMB106.4 million for the nine months ended September 30, 2024 to RMB385.6 million for the nine months ended September 30, 2025, primarily due to the increase in raw material costs and production costs, which were generally in line with our increased revenue and production capacity.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB18.5 million for the nine months ended September 30, 2024 to RMB90.8 million for the nine months ended September 30, 2025. Our gross profit margin increased from 14.8% for the nine months ended September 30, 2024 to 19.1% for the nine months ended September 30, 2025, primarily due to increased sales of C&I energy storage solutions with higher profit margin.

We recorded gross profit from our C&I energy storage solutions of RMB22.5 million and RMB77.7 million in the nine months ended September 30, 2024 and 2025, respectively. The gross profit margin of our C&I energy storage solutions increased from 20.9% for the nine months ended September 30, 2024 to 23.5% for the nine months ended September 30, 2025, primarily due to growth in our overseas business which typically has a higher profit margin as a result of favorable overseas pricing position as one of the first movers.

FINANCIAL INFORMATION

We recorded gross profit from our utility energy storage solutions of nil and RMB7.8 million for the nine months ended September 30, 2024 and 2025. The corresponding gross profit margins were nil and 8.3%, respectively.

We recorded gross loss from our residential energy storage solutions of RMB4.3 million and gross profit of RMB2.4 million for the nine months ended September 30, 2024 and 2025 with gross loss margin of 25.7% and gross profit margin of 5.0%, respectively, primarily due to increasing sales of our newly launched residential products with higher profit margin in 2025.

Other income

Our other income decreased by 39.6% from RMB4.4 million for the nine months ended September 30, 2024 to RMB2.7 million for the nine months ended September 30, 2025, primarily due to a decrease in government grants.

Selling and marketing expenses

Our selling and marketing expenses remained relatively stable at RMB47.2 million and RMB47.2 million for the nine months ended September 30, 2024 and 2025, respectively. The reason why our selling and marketing expenses remained relatively stable as our revenue increased during the same period was that we accelerated the grant of awards in 2024, resulting in decreased share-based payments in 2025.

Research and development expenses

Our research and development expenses increased by 16.9% from RMB32.7 million for the nine months ended September 30, 2024 to RMB38.3 million for the nine months ended September 30, 2025, primarily due to an increase in service fees mainly relating to certification fees as we expanded our product certifications overseas.

Administrative expenses

Our administrative expenses decreased by 58.5% from RMB108.9 million for the nine months ended September 30, 2024 to RMB45.2 million for the nine months ended September 30, 2025, primarily due to a decrease in staff costs in relation to share-based payment expenses attributable to accelerated grant of awards in 2024 to incentivize our key administrative personnel.

(Provision for)/Reversal of impairment of financial assets and contract assets

We recorded reversal of impairment of financial assets and contract assets of RMB2.3 million for the nine months ended September 30, 2024 and recorded provision for impairment of financial assets and contract assets of RMB4.1 million for the nine months ended September 30, 2025, primarily due to the increase in trade and bills receivables and contract assets as we entered into more agreements for sales of our energy storage solutions.

Finance costs, net

Our finance costs, net increased significantly from RMB2.1 million for the nine months ended September 30, 2024 to RMB4.0 million for the nine months ended September 30, 2025, primarily due to increased interest expenses associated with our growing interest-bearing bank and other borrowing.

FINANCIAL INFORMATION

Income tax expense

We recorded income tax expense of RMB0.4 million and RMB0.1 million for the nine months ended September 30, 2024 and 2025. The decrease was primarily due to a decrease in the taxable income recorded by certain subsidiaries in Guangdong.

Loss for the period

As a result of the above, our loss for the period decreased by 75.7% from RMB165.2 million for the nine months ended September 30, 2024 to RMB40.4 million for the nine months ended September 30, 2025.

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

Revenue

Our revenue remained relatively stable at RMB266.8 million and RMB268.3 million in 2023 and 2024, respectively.

Revenue by Business Segment

Revenue generated from our C&I energy storage solutions increased significantly from RMB88.8 million in 2023 to RMB221.6 million in 2024, mainly due to increased sales overseas. Such increase was primarily driven by (i) our sales and distribution network expansion and optimization, branding and promotion efforts as well as our established local sales network including pre- and after-sales services; (ii) mounting demand for energy stability, spiking C&I electricity prices as well as electricity price spread volatility which in turn fueled demand for our solutions; and (iii) recognition of our solutions widely earned among customers.

Revenue generated from our utility energy storage solutions decreased by 90.8% from RMB158.4 million in 2023 to RMB14.6 million in 2024. Such decrease was primarily due to revenue recognition of utility energy storage solutions orders in 2023 which were initiated in previous years.

Revenue generated from our residential energy storage solutions increased by 50.5% from RMB19.5 million in 2023 to RMB29.4 million in 2024, mainly due to increased sales overseas. Such increase was primarily driven by (i) diversifying portfolio of our offerings and certifications to further extend our reach to new markets and expand our customer base; and (ii) partnerships with key customers and major distributors to expand our presence in overseas markets.

Cost of sales

Our cost of sales decreased by 10.2% from RMB244.8 million in 2023 to RMB219.8 million in 2024, primarily due to decreased raw material costs in 2024 as compared to the respective period in 2023 due to a higher amount of utility energy storage solution orders in 2023, which entailed a large amount of raw materials.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased significantly from RMB22.0 million in 2023 to RMB48.5 million in 2024. Our gross profit margin increased from 8.3% in 2023 to 18.1% in 2024, primarily due to increased sales of our C&I energy storage solutions with a higher profit margin.

FINANCIAL INFORMATION

We recorded gross profit of C&I energy storage solutions of RMB3.6 million and RMB52.6 million in 2023 and 2024, respectively, primarily due to increased sales of our C&I energy storage solutions during the period. The gross profit margin of our C&I energy storage solutions increased from 4.1% in 2023 to 23.7% in 2024, primarily due to increased overseas sales with higher profit margin due to our first-mover advantage.

We recorded gross profit from our utility energy storage solutions of RMB16.2 million and RMB1.8 million, respectively, in 2023 and 2024. The decrease was primarily because certain utility energy storage solution orders were delivered in 2023 subject to overall delivery progress. The gross profit margin of our utility energy storage solutions increased from 10.2% in 2023 to 12.4% in 2024, primarily due to certain utility energy storage solution orders where we had better pricing position.

We recorded gross profit from residential energy storage solutions of RMB2.1 million in 2023 and gross loss of RMB8.0 million in 2024. We recorded gross profit margin of 11.0% in 2023 and gross loss margin of 27.3% in 2024, primarily due to the increased sales of residential energy storage solutions in Australia while we consumed previous battery inventories with higher costs.

Other income

Our other income increased significantly from RMB2.0 million in 2023 to RMB6.0 million in 2024, primarily due to an increase in government grants.

Selling and marketing expenses

Our selling and marketing expenses increased by 77.3% from RMB37.8 million in 2023 to RMB67.1 million in 2024, primarily due to (i) an increase in staff costs attributable to (a) an increase in share-based payment expenses due to accelerated grant of awards in 2024 to incentivize our key sales and marketing personnel; and (b) an increase in headcount of our sales and marketing personnel; (ii) an increase in service fees in relation to our leased offices and warehouses overseas; and (iii) an increase in travelling and business development expenses as part of our efforts in sales and marketing campaigns.

Research and development expenses

Our research and development expenses remained relatively stable at RMB46.3 million and RMB47.4 million in 2023 and 2024, respectively.

Administrative expenses

Our administrative expenses increased by 56.4% from RMB87.7 million in 2023 to RMB137.1 million in 2024, primarily due to an increase in staff costs in relation to share-based payment expenses attributable to accelerated grant of awards in 2024 to incentivize our key administrative personnel.

Provision for impairment of financial assets and contract assets

We recorded provision for impairment of financial assets and contract assets of RMB5.5 million in 2023 and RMB1.8 million in 2024. The decrease was primarily due to the decrease in contract assets, as a result of the delivery of certain utility energy storage solution orders.

Finance costs, net

Our finance costs, net increased significantly from RMB1.3 million in 2023 to RMB3.1 million in 2024, primarily due to increased interest expenses associated with our growing interest-bearing bank and other borrowings.

FINANCIAL INFORMATION

Income tax expense

We recorded income tax expenses of nil and RMB1.1 million in 2023 and 2024, respectively. It was attributed to an increase in the taxable income recorded by certain subsidiaries in Guangdong.

Loss for the year

As a result of the above, our loss for the year increased by 24.8% from RMB153.7 million in 2023 to RMB204.5 million in 2024.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Non-current Liabilities

The table below sets forth our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	29,769	51,466	45,694
Intangible assets	521	1,006	1,251
Right-of-use assets	5,939	16,435	22,071
Investments in associates	—	295	295
Financial assets at fair value through profit or loss (“FVTPL”)	1,500	1,457	1,457
Deposits and prepayments	3,345	217	1,033
Total non-current assets	41,074	70,876	71,801
NON-CURRENT LIABILITIES			
Lease liabilities	—	9,837	10,760
Bank and other borrowings	—	1,367	5,683
Total non-current liabilities	—	11,204	16,443

Property, plant and equipment

During the Track Record Period, our property, plant and equipment consisted of (i) plant and machinery; (ii) leasehold improvements; (iii) furniture and fixtures; (iv) office equipment; (v) construction in progress; and (vi) motor vehicles.

FINANCIAL INFORMATION

Our property, plant and equipment increased by 72.9% from RMB29.8 million as of December 31, 2023 to RMB51.5 million as of December 31, 2024, primarily due to an increase in plant and machinery relating to additions of production lines and renovation of our production facility. Our property, plant and equipment decreased by 11.2% to RMB45.7 million as of September 30, 2025, primarily due to the disposal of a subsidiary.

Right-of-use assets

During the Track Record Period, our right-of-use assets consisted of (i) leased offices; and (ii) leasehold land. Our right-of-use assets increased significantly from RMB5.9 million as of December 31, 2023 to RMB16.4 million as of December 31, 2024, and further increased by 34.3% to RMB22.1 million as of September 30, 2025, primarily due to additions of leased offices and leasehold land during the period.

Intangible assets

During the Track Record Period, our intangible assets consisted of patents and computer software. Our intangible assets increased by 93.1% from RMB0.5 million as of December 31, 2023 to RMB1.0 million as of December 31, 2024, and further increased by 24.4% to RMB1.3 million as of September 30, 2025, primarily due to our purchases of new computer software.

Current Assets and Current Liabilities

As of December 31, 2023 and 2024, September 30, 2025 and December 31, 2025, we had net current assets of RMB181.6 million, RMB99.6 million, RMB69.0 million and RMB191.2 million, respectively.

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

	<u>As of December 31,</u>		<u>As of</u>	<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>	<u>December 31,</u>
			<u>2025</u>	<u>2025</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
CURRENT ASSETS				
Inventories	191,116	257,779	319,432	284,455
Trade and bills receivables	93,002	93,979	141,315	233,391
Contract assets	23,578	3,555	11,540	18,210
Deposits, prepayments and other receivables	28,753	56,647	77,679	137,614
Financial assets at FVTPL	—	1,510	3,146	2,474
Restricted bank deposits	36,330	200	—	—
Cash and cash equivalents	111,941	114,571	57,316	115,852
Total current assets	<u>484,720</u>	<u>528,241</u>	<u>610,428</u>	<u>791,996</u>

FINANCIAL INFORMATION

	<u>As of December 31,</u>		<u>As of</u>	<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>	<u>December 31,</u>
			<u>2025</u>	<u>2025</u>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
			<i>(RMB in thousands)</i>	
CURRENT LIABILITIES				
Trade payables	96,470	130,618	209,940	237,043
Contract liabilities	61,134	112,082	66,678	70,069
Accruals and other payables	19,634	15,376	19,068	48,091
Bank and other borrowings	121,889	160,031	224,693	229,397
Deferred income	—	1,677	9,997	8,320
Lease liabilities	3,949	8,809	11,069	9,031
Total current liabilities	<u>303,076</u>	<u>428,593</u>	<u>541,445</u>	<u>601,951</u>
Net current assets	<u>181,644</u>	<u>99,648</u>	<u>68,983</u>	<u>190,045</u>

Our net current assets increased significantly from RMB69.0 million as of September 30, 2025 to RMB190.0 million as of December 31, 2025, which was primarily due to (i) an increase in trade and bills receivables of RMB92.1 million, primarily due to increased sales of our energy storage solutions; (ii) an increase in cash and cash equivalents of RMB58.5 million, primarily due to the receipt of proceeds from equity financing; and (iii) an increase in deposits, prepayments and other receivables of RMB57.1 million, primarily due to increased prepayments to our suppliers for raw material procurement, partially offset by (i) an increase in accruals and other payables of RMB29.0 million mainly in relation to year-end bonuses payable to our employees; and (ii) an increase in trade payables of RMB27.1 million as a result of increased raw material purchases as our business scaled up.

Our net current assets decreased by 29.0% from RMB99.6 million as of December 31, 2024 to RMB69.0 million as of September 30, 2025, primarily due to (i) an increase in trade payables of RMB79.3 million; and (ii) an increase in bank and other borrowings of RMB64.7 million, both of which were due to our increased raw material purchases in anticipation of rising demand for our solutions; (iii) a decrease in cash and cash equivalents of RMB57.3 million; and (iv) a decrease in contract liabilities of RMB45.4 million, partially offset by (i) an increase in inventories of RMB61.7 million; (ii) an increase in trade and bills receivables of RMB47.3 million; (iii) an increase in deposits, prepayments and other receivables of RMB21.0 million in relation to procurement for raw materials.

Our net current assets decreased by 42.0% from RMB181.6 million as of December 31, 2023 to RMB99.6 million as of December 31, 2024, primarily due to (i) an increase in contract liabilities of RMB50.9 million; (ii) an increase in bank and other borrowings of RMB38.1 million; and (iii) an increase in trade payables of RMB34.1 million, partially offset by (i) an increase in inventories of RMB66.7 million; and (ii) an increase in deposits, prepayments and other receivables of RMB27.9 million, all of which were mainly due to our increased raw material purchases in anticipation of rising demand for our solutions.

FINANCIAL INFORMATION

Inventories

During the Track Record Period, our inventories primarily consisted of raw materials, work in progress and finished goods. The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Raw materials	59,202	72,876	109,323
Work in progress	19,604	70,030	57,238
Finished goods	115,653	125,494	156,863
Subtotal	194,459	268,400	323,424
Less: provision for impairment loss	(3,343)	(10,621)	(3,992)
Total	191,116	257,779	319,432

Our inventories increased by 34.9% from RMB191.1 million as of December 31, 2023 to RMB257.8 million as of December 31, 2024, primarily due to increases in work in progress and raw materials in anticipation of increasing demand for our solutions.

Our inventories further increased by 23.9% from RMB257.8 million as of December 31, 2024 to RMB319.4 million as of September 30, 2025, primarily due to (i) an increase in raw materials in anticipation of increasing demand for our solutions; and (ii) an increase in our finished goods mainly due to our increased sales to overseas markets which typically had relatively long lead time.

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

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within six months	151,666	210,785	291,051
Six months to one year	33,439	17,453	9,639
One to two years	6,011	24,318	11,166
Over two years	—	5,223	7,576
Total	191,116	257,779	319,432

FINANCIAL INFORMATION

The following table sets forth the turnover days of our inventories for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(days)</i>		
Inventory turnover days ⁽¹⁾	187.6	372.8	202.1

Note:

- (1) Average turnover days of inventories is equal to the average of the beginning and ending net inventory balances of a year/period divided by cost of sales for that year/period and multiplied by 365 days/270 days.

The turnover days of our inventories increased from 187.6 days in 2023 to 372.8 days in 2024, primarily because certain of our utility energy storage solution orders initiated in 2023 were still ongoing in 2024. Such utility energy storage solutions entailed a large amount of raw materials and the revenue recognition was subject to the final acceptance progress by end customers. The turnover days of our inventories then decreased to 202.1 days for the nine months ended September 30, 2025, primarily because such utility energy storage solution orders were delivered in 2025.

As of December 31, 2025, RMB166.2 million or 52.0%, of our inventories as of September 30, 2025, had been subsequently sold or utilized.

Trade and bills receivables

We had trade and bills receivables of RMB93.0 million, RMB94.0 million and RMB141.3 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. The following table sets forth the details of our trade and bills receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade and bills receivables	97,158	101,238	152,468
Less: loss allowance	(4,156)	(7,259)	(11,153)
Total	93,002	93,979	141,315

Our trade and bills receivables relatively stable at RMB93.0 million as of December 31, 2023 and RMB94.0 million as of December 31, 2024. Our trade and bills receivables then increased by 50.4% to RMB141.3 million as of September 30, 2025, primarily due to a significant increase in sales of our energy storage solutions, especially in overseas markets.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of the trade and bills receivables based on revenue recognition date:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within 90 days	55,270	32,922	83,886
Between 91 and 180 days	3,875	20,819	4,484
Between 181 and 270 days	12	6,388	178
Over 270 days	38,001	41,109	63,920
Subtotal	97,158	101,238	152,468
Less: loss allowance	(4,156)	(7,259)	(11,153)
Total	93,002	93,979	141,315

The following table sets forth the number of our trade and bills receivables turnover days for the periods indicated:

	Year ended December 31,		Nine months
	2023	2024	ended
			September 30,
			2025
	<i>(days)</i>		
Trade and bills receivables turnover days ⁽¹⁾	106.0	127.2	66.7

Note:

- (1) The trade and bills receivables turnover days are derived by dividing the average of the beginning and ending trade and bills receivables balance by revenue for that year/period and multiplied by 365 days/270 days.

We generally do not grant credit terms to our customers. Instead, we define a clear payment schedule in our sales agreements, pursuant to which our customers are obliged to make payments. Our trade and bills receivables turnover days increased from 106.0 days in 2023 to 127.2 days in 2024, such increase was primarily due to longer payment term for utility energy storage solution order delivered in 2024. Our trade and bills receivables turnover days decreased to 66.7 days for the nine months ended September 30, 2025, primarily due to our enhanced collection efforts.

As of December 31, 2025, RMB77.8 million or 51.0% of our trade and bills receivables as of September 30, 2025 had been subsequently settled.

FINANCIAL INFORMATION

Contract assets

During the Track Record Period, our contract assets represented conditional rights to consideration in relation to the contracts for our C&I and utility energy storage solutions.

Our contract assets decreased by 84.9% from RMB23.6 million as of December 31, 2023 to RMB3.6 million as of December 31, 2024, primarily due to the delivery of certain utility energy storage solution orders. Our contract assets increased significantly to RMB11.5 million as of September 30, 2025, primarily relating to more agreements for sales of our energy storage solutions as our business scaled up.

Deposits, prepayments and other receivables

During the Track Record Period, our deposits, prepayments and other receivables primarily consisted of (i) value-added tax ("VAT") receivables, mainly representing the deductible difference between output VAT payable and input VAT payable under applicable PRC laws; (ii) prepayments for inventories and other operating expenses mainly in relation to battery and services procurement; (iii) other receivables mainly relating to the procurement of inventories; and (iv) deposits under supply framework agreements we entered into with certain suppliers.

The following table sets forth the details of our deposits, prepayments and other receivables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	<i>(RMB in thousands)</i>		
	<i>(Unaudited)</i>		
Current			
Prepayments for inventories and other operating expenses	9,538	9,783	13,452
Value-added tax receivables	9,367	30,026	41,920
Deposits	7,898	3,831	5,290
Other receivables	1,725	12,496	16,533
Amounts due from directors	225	511	484
Subtotal	28,753	56,647	77,679
Non-current			
Prepayment	3,345	—	805
Deposits	—	217	228
Subtotal	3,345	217	1,033
Total	32,098	56,864	78,712

FINANCIAL INFORMATION

Our deposits, prepayments and other receivables increased by 77.2% from RMB32.1 million as of December 31, 2023 to RMB56.9 million as of December 31, 2024, primarily due to (i) the increased value-added tax receivables in relation to the increased sales in the overseas markets; and (ii) the increased other receivables in relation to the disposal of certain equity interests of our subsidiary.

Our deposits, prepayments and other receivables further increased by 38.4% to RMB78.7 million as of September 30, 2025, primarily due to increases in (i) value-added tax receivables in relation to the increased sales in the overseas markets; and (ii) prepayments for inventories and other operating expenses mainly in relation to battery and services procurement.

As of December 31, 2025, RMB26.2 million or 33.3% of our deposits, prepayments and other receivables as of September 30, 2025, had been subsequently settled.

Financial assets at FVTPL

Our financial assets at FVTPL during the Track Record Period mainly consisted of (i) wealth management products issued by reputable banks in the Chinese Mainland; and (ii) unlisted equity securities. See notes 3.3 and 21 to the Accountant's Report in Appendix I to this document.

Our financial assets at FVTPL increased significantly from RMB1.5 million as of December 31, 2023 to RMB3.0 million as of December 31, 2024, and further increased by 37.8% to RMB4.6 million as of September 30, 2025, primarily due to our increased investment in wealth management products.

We have adopted a set of internal policies and guidelines to manage our investments. Our strategic development department and finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. Upon [REDACTED], we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to structured deposits and low risk wealth management products, after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Restricted bank deposits

Our restricted bank deposits primarily represented deposits for bill payables to suppliers, relating to bank deposits pledged for the issuance of bank acceptance notes, which generally require a margin deposit. Our restricted bank deposits decreased significantly from RMB36.3 million as of December 31, 2023 to RMB0.2 million as of December 31, 2024, primarily because the pledged bank deposits were released as the bank acceptance notes were largely redeemed. Our restricted bank deposits were nil as of September 30, 2025 because the issuance of bank acceptance notes no longer requires bank deposits be pledged.

FINANCIAL INFORMATION

Cash and cash equivalents

As of December 31, 2023 and 2024 and September 30, 2025, the balance of our cash and cash equivalents amounted to RMB111.9 million, RMB114.6 million and RMB57.3 million, respectively. Our Directors confirm that our cash and cash balances were maintained at a prudent level for the purpose of satisfying the requirements for our daily business operations. See “— Liquidity and Capital Resources — Cash flows.”

Our cash and cash equivalents decreased by 50.0% from RMB114.6 million as of December 31, 2024 to RMB57.3 million as of September 30, 2025, primarily because we used more cash for raw material purchases in anticipation of rising demand for our energy storage solutions as our business scaled up.

Trade payables

During the Track Record Period, our trade payables primarily consisted of outstanding amount due to third parties, including suppliers for raw materials and service providers.

Our trade payables increased by 35.4% from RMB96.5 million as of December 31, 2023 to RMB130.6 million as of December 31, 2024, and further increased by 60.7% to RMB209.9 million as of September 30, 2025, primarily due to increased raw material purchases in anticipation of rising demand for our energy storage solutions as our business scaled up.

The following table sets forth an aging analysis of our trade payables as of the dates indicated, based on invoice date:

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within 30 days	52,020	52,751	151,350
31–60 days	9,524	21,128	30,068
61–90 days	24,865	7,785	21,012
Over 90 days	10,061	48,954	7,510
Total	96,470	130,618	209,940

FINANCIAL INFORMATION

The following table sets forth the number of our trade payables turnover days for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(days)</i>		
Trade payables turnover days ⁽¹⁾	190.8	188.6	119.2

Note:

- (1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending net balance of our trade payables in that year/period by cost of sales for the corresponding year/period and then multiplying by the 365 days/270 days for that year/period.

Our trade payables turnover days remained relatively stable at 190.8 days in 2023 and 188.6 days in 2024 and decreased to 119.2 days as of September 30, 2025, primarily as we stepped up payment efforts to certain suppliers for better commercial terms with them.

As of December 31, 2025, RMB134.9 million, or 64.2%, of our trade payables as of September 30, 2025 had been subsequently settled.

Contract liabilities

During the Track Record Period, our contract liabilities primarily represented advance received from customers for our solutions that had yet to be performed/delivered.

Our contract liabilities increased by 83.5% from RMB61.1 million as of December 31, 2023 to RMB112.1 million as of December 31, 2024, primarily due to advance payments received from customers of our C&I and utility energy storage solutions.

Our contract liabilities decreased by 68.1% from RMB112.1 million as of December 31, 2024 to RMB66.7 million as of September 30, 2025, primarily due to delivery of a utility energy storage solution order and certain C&I energy storage solution orders in 2025.

As of December 31, 2025, RMB47.0 million, or 70.6%, of our contract liabilities as of September 30, 2025 had been subsequently recognized as revenue.

Accruals and other payables

During the Track Record Period, our accruals and other payables primarily consisted of (i) accrued wages, salaries, bonuses and staff welfare; (ii) other payables and accruals in relation to professional consultancy fees; and (iii) provision for warranties.

FINANCIAL INFORMATION

The following table sets forth the details of accruals and other payables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30, 2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Accrued wages, salaries, bonuses and staff welfare	9,927	8,939	6,342
Customers' deposits	579	1,294	—
Provision for warranties	3,357	2,084	4,287
Other payables and accruals	4,185	1,084	6,858
Amounts due to director ⁽¹⁾	6	6	6
Amounts due to shareholders ⁽¹⁾	1,580	1,580	1,580
Total	19,634	15,376	19,068

Note:

- (1) As of December 31, 2023 and 2024 and September 30, 2025, amounts due to directors and shareholders are unsecured, interest-free and repayable on demand. The carrying values of the balances approximate their fair values. As of the date of this document, all such amounts had been settled. See notes 28 and 33 to the Accountant's Report in Appendix I to this document.

Our accruals and other payables decreased by 21.7% from RMB19.6 million as of December 31, 2023 to RMB15.4 million as of December 31, 2024, primarily due to decreases in other payables and accruals in relation to fees payable to various service providers.

Our accruals and other payables increased by 24.0% from RMB15.4 million as of December 31, 2024 to RMB19.1 million as of September 30, 2025, primarily due to increases in (i) other payables and accruals in relation to fees payable to various service providers; and (ii) provision for warranties in line with the increase in our sales of energy storage solutions.

As of December 31, 2025, RMB8.2 million, or 42.9%, of our accruals and other payables as of September 30, 2025 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal use of cash during the Track Record Period was for working capital purposes, production of our solutions and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with contributions from Shareholders, cash and cash equivalents and bank borrowings. As of December 31, 2023 and 2024, and September 30, 2025, we had cash and cash equivalents of RMB111.9 million, RMB114.6 million and RMB57.3 million, respectively.

FINANCIAL INFORMATION

Working Capital Sufficiency

Taking into account the financial resources available to us, including cash and cash equivalents, future cash flow from operating activities, financial assets at FVTPL, unutilized bank borrowing, and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	<i>(RMB in thousands)</i>			
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash used in operating activities	(161,630)	(70,107)	(51,496)	(116,799)
Net cash (used in)/generated from investing activities	(62,816)	3,147	10,781	(3,300)
Net cash generated from financing activities	300,560	70,903	10,814	62,504
Net increase/(decrease) in cash and cash equivalents	76,114	3,943	(29,901)	(57,595)
Cash and cash equivalents at beginning of year/period	33,337	111,941	111,941	114,571
Effect of foreign exchange rate changes	2,490	(1,313)	(1,400)	340
Cash and cash equivalents at end of year/period	<u>111,941</u>	<u>114,571</u>	<u>80,640</u>	<u>57,316</u>

Net Cash used in Operating Activities

Going forward, we plan to enhance our sustainability and achieve profitability by driving steady revenue growth, expanding our business scale and managing our costs and expenses effectively. In particular, we intend to strengthen our technological capabilities, accelerate product iterations, expand our manufacturing and sales network, and deepen our market penetration. We also aim to continuously improve our net operating cash outflow position by (i) driving rapid revenue growth through continuous technological advancement and product iteration, broadening customer base and maintaining strong customer loyalty and continuous expansion in overseas markets; (ii) ongoing cost optimization; and (iii) continuous improvement in operational efficiency. See "Business — Path to Profitability."

For the nine months ended September 30, 2025, our net cash used in operating activities was RMB116.8 million, primarily due to loss before income tax of RMB40.3 million, as adjusted for as adjusted for (i) certain non-cash and non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB8.5 million and (b) share-based payment expenses of RMB7.6 million; and (ii) changes in working capital that negatively affected the cash flow from operating

FINANCIAL INFORMATION

activities, primarily including (a) an increase in inventories of RMB54.5 million, (b) an increase in trade and bills receivables of RMB47.9 million and (c) a decrease in contract liabilities of RMB46.2 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in trade payables of RMB66.2 million.

In 2024, our net cash used in operating activities was RMB70.1 million, primarily due to loss before income tax of RMB203.5 million, as adjusted for (i) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB109.1 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase in inventories of RMB75.9 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including (a) an increase in contract liabilities of RMB51.2 million and (b) an increase in trade payables of RMB37.2 million.

In 2023, our net cash used in operating activities was RMB161.6 million, primarily due to loss before income tax of RMB153.7 million, as adjusted for (i) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB65.8 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) a decrease in trade payables of RMB65.9 million and (b) an increase in trade and bills receivables of RMB35.1 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in contract liabilities of RMB34.2 million.

Net Cash (used in)/generated from Investing Activities

For the nine months ended September 30, 2025, our net cash used in investing activities was RMB3.3 million, mainly due to (i) purchase of property, plant and equipment of RMB7.3 million; and (ii) purchase of financial assets at FVTPL of RMB3.1 million, partially offset by proceeds from disposal of a subsidiary of RMB4.3 million.

In 2024, our net cash generated from investing activities was RMB3.1 million, mainly due to release of restricted bank deposits of RMB36.1 million, partially offset by purchase of property, plant and equipment of RMB31.2 million.

In 2023, our net cash used in investing activities was RMB62.8 million, mainly due to (i) placement of restricted bank deposits of RMB36.3 million; and (ii) purchase of property, plant and equipment of RMB19.7 million.

Net Cash generated from Financing Activities

For the nine months ended September 30, 2025, our net cash generated from financing activities was RMB62.5 million, mainly due to proceeds from bank and other borrowings of RMB230.4 million, partially offset by repayments of bank and other borrowings of RMB161.4 million.

In 2024, our net cash generated from financing activities was RMB70.9 million, mainly due to (i) proceeds from bank and other borrowings of RMB161.4 million; and (ii) proceeds from issue of shares of RMB30.2 million, partially offset by repayments of bank and other borrowings of RMB121.9 million.

For the year ended December 31, 2023, our net cash generated from financing activities was RMB300.6 million, mainly due to (i) proceeds from issue of shares of RMB194.2 million; and (ii) proceeds from bank and other borrowings of RMB121.9 million, partially offset by repayments of bank and other borrowings of RMB16.0 million.

FINANCIAL INFORMATION

INDEBTEDNESS

Our indebtedness mainly included bank and other borrowings and lease liabilities during the Track Record Period. Except as disclosed in the table below, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of September 30, 2025. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since September 30, 2025 and up to the date of this document.

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

	As of December 31,		As of	As of
	2023	2024	September 30,	December 31,
			2025	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current portion:				
Bank and other borrowings	121,889	160,031	224,693	229,397
Lease liabilities	3,949	8,809	11,069	9,031
Subtotal	125,838	168,840	235,762	238,428
Non-current portion:				
Bank and other borrowings	—	1,367	5,683	5,351
Lease liabilities	—	9,837	10,760	8,029
Subtotal	—	11,204	16,443	13,380
Total	125,838	180,044	252,205	251,808

Bank and Other Borrowings

Our bank and other borrowings during the Track Record Period mainly represented bank borrowings from commercial banks in the Chinese Mainland, which were used for plant construction, equipment purchases and working capital.

As of December 31, 2023 and 2024, September 30, 2025 and December 31, 2025, we had bank and other borrowings of RMB121.9 million, RMB161.1 million, RMB209.1 million and RMB233.6 million, respectively, which were all denominated in RMB. As of December 31, 2023 and 2024 and September 30, 2025, we had (i) bank borrowings of RMB54.9 million, RMB134.9 million and RMB198.4 million which were secured by the guarantee provided by one of our Shareholders; (ii) other borrowings of nil, RMB1.5 million and RMB7.0 million which were secured by the property, plant and equipment of approximately RMB1.6 million and RMB7.6 million as of December 31, 2024 and September 30, 2025; and (iii) unsecured bank borrowings of RMB20.0 million, RMB25.0 million and RMB25.0 million, respectively. During the Track Record Period, we recorded bill payables of RMB47.0 million as of December 31, 2023 which were secured by the restricted bank deposits of approximately RMB36.3 million. See note 24(b) to the Accountant's Report in Appendix I to this document. The weighted

FINANCIAL INFORMATION

average effective interest rate per annum in 2023, 2024 and the nine months ended September 30, 2025 was 3.36%, 2.97% and 2.83%, respectively. See note 29 to the Accountant's Report in Appendix I to this document. As of December 31, 2025, we had unutilized banking facilities of RMB118.9 million.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we have not defaulted in the repayment of the bank and other borrowings during the Track Record Period. Our Directors have confirmed that, as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we did not experience any difficulty in obtaining bank borrowings.

Lease Liabilities

Our lease liabilities primarily represented the outstanding lease payments primarily in respect of our leased buildings and properties. See note 18 to the Accountant's Report in Appendix I to this document.

The following table sets forth our lease liabilities as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>	<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>	<u>December 31,</u>
			<u>2025</u>	<u>2025</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Lease liabilities				
— Current	3,949	8,809	11,069	9,031
— Non-current	—	9,837	10,760	8,029
Total	<u>3,949</u>	<u>18,646</u>	<u>21,829</u>	<u>17,060</u>

Contingent Liabilities

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures for purchase of property, plant and equipment and purchase of intangible assets, to support our growth of operations. Such capital expenditures were primarily funded by our internal financial resources including bank and other borrowings. In 2023 and 2024, and the nine months ended September 30, 2025, we incurred capital expenditure of RMB20.1 million, RMB31.8 million and RMB7.7 million, respectively.

FINANCIAL INFORMATION

The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Capital expenditures			
Purchase of property, plant and equipment	19,660	31,179	7,302
Purchase of intangible assets	483	634	425
Total	20,143	31,813	7,727

We will continue to make capital expenditures to support the expected growth of our business and expansion plans. We expect to finance our capital expenditures through future cash flow from operating activities, shareholder contributions, unutilized bank borrowing and the estimated net [REDACTED] from the [REDACTED]. See "Future Plans and [REDACTED]." Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditure according to future cash flows, results of operations, financial condition, market conditions and various other factors.

COMMITMENTS

Capital commitments represent capital expenditure contracted for as of a particular date but not yet incurred. As of December 31, 2023 and 2024 and September 30, 2025 our capital commitments amounted to RMB1.7 million, RMB7.4 million and RMB7.0 million, respectively, which represented our committed expenditures related to our improvement for buildings and plants, purchase for constructions and unpaid capital of investments in associate and joint venture.

As of December 31, 2023 and 2024 and September 30, 2025, we had future aggregate minimum lease payments under non-cancellable leases in relation to rental for office premises and warehouses with remaining lease term of less than one year of RMB1.7 million, RMB7.4 million and RMB7.0 million, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios as of the dates or for the periods indicated:

	As of/For the year ended December 31,		As of/For the nine months ended September 30,
	2023	2024	2025
	Profit Indicator		
Gross profit margin (%) ⁽¹⁾	8.3	18.1	19.1
Liquidity			
Current ratio (<i>times</i>) ⁽²⁾	1.6	1.2	1.1
Quick ratio (<i>times</i>) ⁽³⁾	1.0	0.6	0.5
Interest-bearing debt ratio (%) ⁽⁴⁾	23.9	30.1	37.0

Notes:

- (1) Gross profit margin is calculated based on the gross profit for each reporting year/period divided by total revenue for each reporting year/period and multiplied by 100.0%.
- (2) Current ratio is calculated based on total current assets divided by the total current liabilities as of the end of each reporting year/period.
- (3) Quick ratio is calculated based on our total current assets excluding inventories divided by the total current liabilities as of the end of each reporting year/period.
- (4) Interest-bearing debt ratio is calculated as interest-bearing debt (including bank and other borrowings and lease liabilities) divided by total assets as of the relevant date and multiplied by 100.0%.

See “— Period-to-Period Comparison of Results of Operations” for further information on the changes in our gross profit margin during the Track Record Period.

Our current ratio decreased from 1.6 times as of December 31, 2023 to 1.2 times as of December 31, 2024, primarily because the growth in our current liabilities outpaced that of our current assets due to increases in our trade payables and contract liabilities arising from increased raw material purchases and increased number of sales agreements as our business scaled up. Our current ratio remained relatively at 1.1 times as of September 30, 2025.

Our quick ratio decreased from 1.0 times as of December 31, 2023 to 0.6 times as of December 31, 2024, primarily because the growth in our current liabilities outpaced that of our current assets due to increases in our trade payables and contract liabilities arising from increased raw material purchases and increased number of sales agreements as our business scaled up. Our quick ratio remained relatively stable at 0.5 times as of September 30, 2025.

Our interest-bearing debt ratio increased from 23.9% as of December 31, 2023 to 30.1% as of December 31, 2024, and further increased to 37.0% as of September 30, 2025, primarily due to the increase in bank and other borrowings.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. We have certain transactions and balances with the related parties during the Track Record Period. See note 33(b) to the Accountant's Report included in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in note 33 to the Accountant's Report 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 and their terms were fair, reasonable and in the interest of our Shareholders as a whole. 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.

FINANCIAL RISK MANAGEMENT

Our activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out under policies approved by the directors. Our Directors provide principles for overall risk management. See note 3 to the Accountant's Report in Appendix I to this document.

Foreign Exchange Risk

We operate principally in the Chinese Mainland, Hong Kong, Australia and Netherlands. Foreign exchange risk arises where commercial transactions, recognized assets and liabilities are denominated in currency that is not the functional currency of the subsidiaries of our Company. Our Directors consider our foreign currency exposure is not significant as the respective operations' commercial transactions, assets and liabilities are mostly denominated in their respective functional currency. We did not hedge against any fluctuation in foreign currencies during the Track Record Period.

Cash Flow and Fair Value Interest Rate Risk

We hold interest-bearing assets and liabilities, including bank deposits and bank and other borrowings. Borrowings obtained at fixed interest rates expose us to fair value interest rate risk. As of December 31, 2023 and 2024 and September 30, 2025, if interest rates had been 50 basis points higher or lower, with all other variables held constant, our pre-tax loss for the year/period would have been RMB609,000, RMB807,000 and RMB1,152,000 higher or lower, respectively. Cash flow interest rate risk represents the risk that changes in market interest rates will affect cash flows arising from variable-rate financial instruments. Bank deposits held at variable rates expose us to cash flow interest rate risk. As of December 31, 2023 and 2024, and September 30, 2025, we were not exposed to significant cash flow interest rate risk.

FINANCIAL INFORMATION

Credit Risk

Risk Management

Our credit risk mainly arises from bank deposits and financial asset at FVTPL with banks and financial institutions, as well as credit exposures to trade and bills receivables, deposits and other receivables, and contract assets. The carrying amounts of these balances on the consolidated statements of financial position represent our maximum exposure to credit risk in relation to its financial assets.

Impairment of Financial Assets

We have three types of financial assets that are subject to the expected credit loss model: (i) trade and bills receivables, (ii) contract assets relating to revenue contracts, and (iii) debt instruments carried at amortized cost. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial. Our bank deposits are placed in those banks and financial institutions which are independently rated with a high credit rating. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past. See note 3.1(c) to the Accountant's Report in Appendix I to this document.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. Cash flow forecasting is performed by management. We monitor our rolling forecasts of our liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration our measures in raising additional capital, extending existing loan facilities and obtaining additional financing from banks, if considered necessary. See note 3.1(d) to the Accountant's Report in Appendix I to this document for the analysis about our financial liabilities, including lease liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

Capital Risk Management

We regard our total equity as capital. The primary objective of our capital management is to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders to support our sustainable growth and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, we monitor capital on the basis of the gearing ratio. See note 3.2 to the Accountant's Report in Appendix I to this document.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period. Our Group currently does not have a pre-determined dividend policy. We may declare and pay dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as we may deem relevant. We may distribute dividends by way of cash or stock. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant PRC laws and regulations. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had no distributable reserves.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. At the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]), the [REDACTED] which are payable by us are estimated to amount in aggregate to be approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. The total [REDACTED] consist of (i) approximately HK\$[REDACTED] [REDACTED] fees (including [REDACTED], incentive fee, SFC transaction levy, Stock Exchange trading fee, and AFRC transaction levy) and (ii) approximately HK\$[REDACTED] non-[REDACTED] mainly comprising (a) fees paid to legal adviser(s) and accountant(s) of approximately HK\$[REDACTED], and (b) other fees and expenses and fees paid to other professional parties of approximately HK\$[REDACTED]. Among the total [REDACTED], approximately RMB[REDACTED] (HK\$[REDACTED]) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] (HK\$[REDACTED]) of which is expected to be deducted from equity upon the completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details of our unaudited [REDACTED] adjusted combined net tangible assets.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since September 30, 2025, being the end of the Track Record Period, and there is no event since September 30, 2025 which would materially affect the information shown in the Accountant's Report, the contents of which are set out in the Accountant's Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rule.