You should read this discussion and analysis together with our consolidated financial information and notes in the Accountants' Report in Appendix I. Our financial statements are prepared under IFRSs, which may differ from accounting principles in other jurisdictions. This section contains forward-looking statements based on our current views, assumptions and analysis, subject to risks and uncertainties beyond our control. Actual results may differ materially. In evaluating our business, you should carefully consider this document, including "Risk Factors" and "Business." References to 2023 and 2024 are to our financial years ended December 31, and all financial information is presented on a consolidated basis unless otherwise stated.

BASIS OF PRESENTATION AND PREPARATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgements, estimates and assumptions in the process of applying our accounting policies. Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in the Accountants' Report included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and are expected to continue to be, materially affected by the following company-specific factors:

Global Acceleration of Warehousing Picking Automation

The rising demand for warehouse automation, particularly in the picking process, has become a primary factor driving our revenue growth and long-term financial performance. ACRs have emerged as the most advanced and complex warehousing picking automation solution, enabling superior storage density, throughput, and adaptability compared with legacy conveyor systems and earlier-generation case-to-person models. See "Industry Overview" for details.

We are strategically positioned to benefit from this industry inflection point. As the world's largest ACR solution provider in terms of revenue and shipments in 2024, we have played a defining role in shaping this emerging market and driving its growth trajectory. Our ACR solution portfolio, including *HaiPick Climb* supported by the world's first single-sided climbing ACR, has enabled customers to achieve flexible system configurations, large-scale robot coordination, and enhanced space utilization. With our leadership, evidenced by a 31.4% share of the global ACR solutions market by revenue in 2024 as well as over 1,300 projects delivered as of September 30, 2025, we believe we are well positioned to capture the expanding global ACR opportunity.

To capture the full potential of this rapidly expanding market, we intend to continue investing in product innovation, mechanical design, algorithms, and software capabilities. Our ACR architecture, which is designed to support high-bay storage, configurable system configurations, and reliable operations across varied warehouse environments, enables us to serve a broad spectrum of customer use cases as ACR adoption accelerates across industries and geographies. In particular, we will continue to strengthen collaboration with industry-leading customers, whose complex, high-volume and time-sensitive operational requirements often set the benchmark for their respective sectors. Through sustained innovation and deepening customer engagement, we expect our penetration within the ACR solutions industry to continue to increase, strengthening our leadership position, expanding our global footprint, and supporting long-term, scalable growth.

Strengthening Customer Relationships

A significant driver of our financial performance is our ability to deepen long-term relationships with existing customers while continuously expanding our global customer base. As the inventor and global leader in ACRs, our solutions form the operational backbone of many customers' warehouses, which in turn drives recurring, follow-on demand over time, such as incremental solution purchases, system capacity expansions and additional project deployments. Customer repurchase rates also increased from 68% in 2023 to 80% in 2024, reflecting strong customer stickiness and the mission-critical nature of our solutions. Meanwhile, we have observed a steady shift in the composition of our deployments toward larger and more comprehensive projects, reflecting the increasing scale and sophistication of customer requirements and the growing depth of our engagement in their operations. Large deployments showcase our strong technological capabilities and execution strength to address complex, mission-critical automation needs. Through close collaboration with customers, we have cultivated long-term customer partnerships that generate customer repurchase, including broader multi-site rollouts, which improved visibility into revenue opportunities, supporting a more stable and predictable revenue profile.

Our financial performance also benefits from the depth, standardization, and scalability of our ACR solution. Because our hardware, scheduling algorithms, and warehouse execution systems operate as a unified solution, customers can expand deployments efficiently through additional units, higher-capacity configurations, or customized workflows. This has created substantial opportunities for follow-on demand across modules and system upgrades, as well as complementary services such as after-sales support, performance tuning, and ongoing operations optimization. As our customer base grows, these expansion-driven opportunities are becoming an increasingly important component of our revenue mix and are contributing to steady improvements in gross profit margin.

Looking ahead, we expect the continued expansion and deepening of our customer relationships to remain a key driver of our financial performance. As ACR solutions become increasingly embedded in customers' warehouse operations, we anticipate further growth in system expansions, repeat purchases, and long-term service engagements, as well as a broader adoption of our value-added services and emerging revenue categories. Supported by our growing deployments, increasing repurchases, and global footprint, these dynamics are expected to enhance the stability of our revenue profile, strengthen operating leverage as we scale, and improve overall visibility into future performance.

Expanding Global Footprint

Benefiting from our global footprint and the strong fit of our ACR solutions in markets characterized by acute labor shortages, high labor and warehouse rental costs and rapidly scaling order fulfillment needs, our non-domestic revenue has become a significant contributor to total revenue, increasing from 24.2% in 2023 to 38.1% in 2024 and further to 39.6% for the nine months ended September 30, 2025. This reflects accelerating adoption of our ACR solutions in non-domestic markets. In these markets, automation investment decisions are driven primarily by solution capability and delivery reliability rather than labor cost arbitrage, underscoring the global relevance and scalability of our ACR technology.

While non-domestic deployments generally require longer implementation cycles, more extensive engineering coordination, and higher logistics or compliance-related costs, they also tend to involve larger warehouse areas, higher storage and throughput requirements, and more complex operating conditions. This typically translates into larger deployment scales, higher project values, and broader system footprints compared with most domestic projects. These characteristics, combined with more stringent service expectations, drive greater demand for value-added services such as system optimization, performance tuning, and on-site technical support, creating meaningful and recurring service-revenue opportunities throughout the project lifecycle. We believe that these structural attributes of non-domestic markets, including larger project values, wider deployment scope, and deeper service penetration, will make our global footprint expansion an important contributor to sustained margin improvement and enhanced overall financial performance over time. During the Track Record Period, the gross profit margin of our non-domestic projects was consistently and significantly higher than that of projects in the domestic market due to the structurally larger project sizes, higher value-added service content and stronger pricing power typically associated with our non-domestic projects. For the nine months ended September 30, 2025, gross profit margin of non-domestic projects was 43.9%, as compared with an overall gross profit margin of 28.9%.

Global expansion also introduces operational uncertainties, including exchange-rate movements, logistics-cost variability, and differing regulatory or technical requirements, which can influence project economics and our overall financial performance. As we scale globally, our ability to manage project execution, strengthen supply chain planning, and align pricing with project complexity will remain critical to maintaining margin health and supporting long-term growth.

Technological Innovation and R&D Investments

Technological leadership is a defining element of our competitive position and a core driver of our financial performance. Over the years, we have consistently invested in advancing our full-stack solution architecture to meet increasingly complex customer requirements across diverse industries and regions. As of September 30, 2025, we had filed 2,394 patent applications worldwide, representing the largest portfolio among ACR solution providers, according to CIC.

Our recent product advances demonstrate the impact of these investments. We have continuously expanded and deepened our ACR solution portfolio, extending from conventional case-handling robots to advanced high-reach variants that significantly broaden the range of warehousing environments we can support. Our continuous product innovation has increased the vertical operating span of our ACR solutions to as high as 15 meters, enabling effective automation across a broad spectrum of warehouse heights, including low-, mid- and high-bay warehouse configurations. Such expanded capability has enhanced storage density, operational flexibility and deployment efficiency for customers and allows us to address increasingly complex warehousing scenarios. By introducing new system architectures and performance benchmarks that define subsequent product generations in the market, we have maintained a generational technology lead over prevailing solutions, which has contributed to the growth of our revenue and overall financial performance.

Standardization and modular design have become central to our R&D strategy. We develop our products and systems around a common set of core hardware modules and software building blocks that can be reused across different models and projects, rather than developing each solution from the ground up. As a result, we are able to share components, algorithms and system architectures across a broad range of applications, which reduces repetitive engineering work, improves consistency and reliability, and supports faster deployment at scale, significantly lowering design-change work, procurement complexity and inventory risks. Together with our modular software stack, this architecture supports more efficient manufacturing, faster adaptation for large-scale projects and more consistent performance across varied warehouse layouts. It also improves reliability, reduces engineering rework during installation. These improvements have contributed to the rapid increase in our R&D efficiency during the Track Record Period, demonstrating meaningful gains in development productivity. As a result, while we consistently made substantial R&D investment during the Track Record Period, our R&D expenses as a percentage of revenue decreased from 38.3% in 2023 to 24.5% in 2024 and further to 20.4% for the nine months ended September 30, 2025.

Continued R&D investment allows us to iterate products more quickly, improve robot coordination, and support more complex workflows — capabilities that directly strengthen our competitiveness in project bidding and customer technical evaluations. While sustained R&D spending affects short-term margins, it provides long-term benefits by increasing parts commonality, reducing deployment-related engineering work and lowering maintenance and component-replacement needs. As our deployments grow, improvements in system reliability and software tools also create additional opportunities for value-added services such as performance tuning, workflow optimization and on-site technical support. We will continue to enhance our software capabilities, which play an increasingly important role in solution performance, to further drive the growth of orders and improve our margin profile.

Cost Management and Operational Efficiency

Our financial performance, particularly our margin profile and operating leverage, is significantly influenced by the evolution of our cost structure and operating expenses as we scale in both domestic and non-domestic markets. During the Track Record Period, rapid revenue growth, a higher mix of large and technically demanding projects, and the continued expansion of our global footprint influenced the trajectory of our materials, implementation and logistics costs, as well as our selling, administrative and R&D expenses.

We have undertaken a number of structural cost-efficiency initiatives and benefited from increasing scale effects. Cost management has become a core focus embedded within our daily operations. We implement cost-efficiency initiatives through structured, cross-functional processes applied consistently across products and projects, with a focus on product innovation, engineering execution and supply chain efficiency.

- *Product Innovation.* We continued to strengthen cost efficiency through R&D-driven product innovation, focusing on lowering system costs at the design stage. By enhancing product standardization and modularization across our ACR solutions, we increased the commonality of core components and expanded the use of baseline products in commercial deployments, reducing design-change effort and engineering complexity. New product designs, such as the introduction of our *HaiPick Climb system*, further improved cost competitiveness through simplified architecture, reduced installation requirements and more standardized configurations. Building on these design foundations, we reinforced product cost discipline through higher self-development ratios, minimum-cost compatible design principles and cost-driven engineering under a full-lifecycle cost perspective, supported by ongoing benchmarking against comparable products offered by industry peers.

- *Engineering Execution.* We strengthened our capability to evaluate end-to-end cost structures across alternative solution configurations, enabling more informed selection of cost-optimal designs at the project level. As our delivery experience accumulated and implementation processes became increasingly standardized, execution efficiency continued to improve. In addition, tighter control over engineering rework and more disciplined project-level decision-making contributed to smoother deployments and reduced operational friction.

- *Supply Chain Efficiency.* We further optimized our global sourcing and supplier management framework by building a qualified, multi-regional supplier resource pool and defining category-based shortlists and longlists. Our ability to assess supplier pricing rationality was enhanced through granular cost-breakdown analyses covering mechanical materials, processing inputs and electrical components, as well as systematic price benchmarking against industry-leading suppliers. We also optimized packaging design, logistics planning and inventory management, improving delivery execution and contributing to a declining trend in cost of sales as a percentage of revenue.

Accordingly, our gross profit margin continued to improve during the Track Record Period, from 16.0% in 2023 to 26.3% in 2024 and further to 28.9% for the nine months ended September 30, 2025. As our business continues to mature, we expect economies of scale, greater product standardization and a more balanced project portfolio to contribute meaningfully to cost efficiency and operating leverage.

Operating expenses reflect our transition from early-stage commercialization to broader global presence, with operating expenses as a percentage of revenue declining over the Track Record Period as revenue scaled and operating leverage improved. Selling and distribution expenses increased as we strengthened global sales, pre-sales and after-sales functions, expanded our global presence and deepened customer support capabilities, while such expenses as a percentage of revenue decreased from 52.7% in 2023 to 35.9% in 2024 and further to 30.5% for the nine months ended September 30, 2025. Administrative expenses grew earlier in the Track Record Period as we built corporate infrastructure but have since generally stabilized as organizational processes became more mature, with administrative expenses as a percentage of revenue declining from 23.7% in 2023 to 14.8% in 2024 and further to 12.3% for the nine months ended September 30, 2025. R&D investment remained substantial, supporting continuous product iteration and strengthening the competitiveness of our solutions.

As our customer base expands and product architecture becomes increasingly standardized, we expect improving operating leverage across both cost of sales and operating expenses. Larger-scale procurement, more efficient implementation workflows, a maturing global sales organization and a stable administrative foundation are expected to enhance the efficiency of our cost base relative to revenue growth and support sustained margin enhancement. Over time, we expect these efficiencies to play a key role in driving a more balanced cost structure and strengthening our trajectory toward long-term profitability.

We also demonstrated solid operating cash flow generation and working capital management over the Track Record Period. Our cash conversion cycle continued to improve, primarily driven by rapid trade and bills receivables turnover and strong customer prepayment patterns reflected in our contract liabilities, ensuring our long-term sustainable growth. Although we recorded net cash outflows from operating activities as we invested in business expansion, such outflows were substantially lower than our adjusted net losses due to favorable working capital movements. During the Track Record Period, we recorded aggregate net cash outflows from operating activities of RMB963.7 million, representing a difference of RMB605.1 million compared with our aggregate adjusted net losses (non-IFRS measure), with the difference accounting for approximately 38.6% of the adjusted net losses (non-IFRS measure). In addition, our working capital position remained negative throughout the Track Record Period, primarily reflecting our operating model under which a substantial portion of our activities is financed through customer advances and supplier credit rather than external financing. See "— Liquidity and Capital Resources — Cash Flow Analysis" for details.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial statements. Accounting policies that are material for understanding our financial condition and results of operations are set forth in detail in Note 2 to the Accountants' Report in Appendix I of this Document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. See Note 3 to the Accountants' Report in Appendix I of this Document for details. 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.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table below forth a summary of our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
					(unaudited)		*(unaudited)*	
Revenue	807,007	100.0	1,360,364	100.0	931,271	100.0	1,262,965	100.0
Cost of sales	(677,853)	(84.0)	(1,002,905)	(73.7)	(702,286)	(75.4)	(897,694)	(71.1)
Gross Profit	**129,154**	**16.0**	**357,459**	**26.3**	**228,985**	**24.6**	**365,271**	**28.9**
Other income and gains	50,015	6.2	55,086	4.0	61,400	6.6	79,765	6.3
Selling and distribution expenses	(424,451)	(52.7)	(489,178)	(35.9)	(363,788)	(39.1)	(385,710)	(30.5)
Administrative expenses	(190,687)	(23.7)	(199,555)	(14.8)	(147,403)	(15.8)	(155,364)	(12.3)

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
					(unaudited)		*(unaudited)*	
Research and development expenses	(308,873)	(38.3)	(333,954)	(24.5)	(239,838)	(25.7)	(257,712)	(20.4)
Impairment losses on financial and contract assets, net	(4,605)	(0.6)	(1,556)	(0.1)	(2,193)	(0.2)	(2,284)	(0.2)
Other expenses	(42,137)	(5.2)	(61,608)	(4.5)	(7,444)	(0.8)	(6,731)	(0.5)
Finance costs	(5,210)	(0.6)	(6,625)	(0.5)	(4,518)	(0.5)	(6,900)	(0.5)
Interest on redemption liabilities	(211,160)	(26.2)	(239,717)	(17.6)	(174,324)	(18.7)	(211,517)	(16.7)
Losses on fair value changes of derivative liabilities	–	–	(333,080)	(24.5)	(333,080)	(35.8)	–	–
Loss before tax	(1,007,954)	(124.9)	(1,252,728)	(92.1)	(982,203)	(105.5)	(581,182)	(46.0)
Income tax expense	(1,012)	(0.1)	(2,958)	(0.2)	(2,312)	(0.2)	(7,368)	(0.6)
Loss for the year/period	**(1,008,966)**	**(125.0)**	**(1,255,686)**	**(92.3)**	**(984,515)**	**(105.7)**	**(588,550)**	**(46.6)**
Attributable to:								
Owners of the parent	(1,008,806)	(125.0)	(1,255,686)	(92.3)	(984,515)	(105.7)	(588,550)	(46.6)
Non-controlling interests	(160)	(0.0)	–	–	–	–	–	–
	(1,008,966)	(125.0)	(1,255,686)	(92.3)	(984,515)	(105.7)	(588,550)	(46.6)

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted net loss (non-IFRS measure), adjusted net loss margin (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that such non-IFRS measures facilitate comparisons of operating performance from year to year and company to company. We believe that such measures provide useful information to [**REDACTED**] in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, presentation of these non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as loss for the year/period, adjusted for share-based payment, interest on redemption liabilities, exchange realignment on redemption liabilities, and losses on fair value changes of derivative liabilities. Share-based payment relates to the share-based awards that we grant to participants of our share incentive schemes and is a non-cash expense. Interest on redemption liabilities and exchange realignment on redemption liabilities relate to the redemption liabilities arising from redemption rights granted to certain pre-[**REDACTED**] investors. Losses on fair value changes of derivative liabilities arise from anti-dilution right granted to certain pre-[**REDACTED**] investors. We define adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue for the same period multiplied by 100%. We define adjusted EBITDA (non-IFRS measure) as adjusted net loss (non-IFRS measure) adjusted for income tax expense, finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets. We define adjusted EBITDA margin (non-IFRS measure) as adjusted EBITDA (non-IFRS measure) divided by revenue for the same period multiplied by 100%.

The following tables reconcile our non-IFRS financial measures with their corresponding figures presented in accordance with IFRS Accounting Standards for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loss for the year/period	**(1,008,966)**	**(1,255,686)**	**(984,515)**	**(588,550)**
Adjusted for:				
Share-based payment	72,358	92,404	77,743	84,076
Interest on redemption liabilities	211,160	239,717	174,324	211,517
Exchange realignment on redemption liabilities	34,757	33,589	(23,691)	(28,298)
Losses on fair value changes of derivative liabilities	–	333,080	333,080	–
Adjusted net loss (non-IFRS measure)	**(690,691)**	**(556,896)**	**(423,059)**	**(321,255)**
Adjusted for:				
Income tax expense	1,012	2,958	2,312	7,368
Finance costs	5,210	6,625	4,518	6,900
Depreciation of property, plant and equipment	24,597	28,184	21,272	22,238
Depreciation of right-of-use assets	33,762	32,439	24,870	23,280
Amortization of intangible assets	2,120	3,013	2,202	3,020
Adjusted EBITDA (non-IFRS measure)	**(623,990)**	**(483,677)**	**(367,885)**	**(258,449)**
Adjusted net loss margin (non-IFRS measure)	**(85.6%)**	**(40.9%)**	**(45.4%)**	**(25.4%)**
Adjusted EBITDA margin (non-IFRS measure)	**(77.3%)**	**(35.6%)**	**(39.5%)**	**(20.5%)**

Our adjusted net loss (non-IFRS measure) and the absolute amount of adjusted EBITDA (non-IFRS measure) decreased during the Track Record Period, primarily due to the decrease in our loss for the year/period, which was mainly attributable to our rapid revenue growth, continued improvement in cost efficiency, as well as operating leverage achieved through more disciplined control of operating expenses as a percentage of revenue, as our business scaled. See "— Description of Selected Items of Our Consolidated Statements of Profit or Loss" and "— Period-to-Period Comparison of Results of Operations" for detailed analysis.

Revenue

Our total revenue grew from RMB807.0 million in 2023 to RMB1,360.4 million in 2024, representing a year-over-year growth of 68.6%. Our total revenue increased from RMB931.3 million for the nine months ended September 30, 2024 to RMB1,263.0 million for the same period of 2025. This rapid expansion was primarily driven by:

- *Increasing Global Demand for Picking Automation Solutions*, with ACR solutions becoming the preferred choice. Driven by labor shortage and rising labor costs, increasing order complexity, and the need for higher fulfillment speed, the global market for picking automation has been expanding rapidly. According to CIC, within this market, ACR solutions are the fastest-growing sub-segment, with penetration expected to rise from 2.6% of global warehousing picking automation in 2024 to 22.7% by 2030, representing a projected CAGR of 65.7%, significantly higher than the 15.2% CAGR of the warehousing picking automation industry overall;

- *The Expanding Deployment of Our Solutions and Growing Customer Base*, especially in non-domestic markets where certification and project admission cycles are initially long but accelerate substantially once reference deployment is established; and

- *A Broad and Highly Standardized Product Portfolio*, comprising multiple types of solutions and products built on a modular and standardized architecture. Through shared core modules and standardized system components, these solutions and products can be flexibly configured to address a wide range of warehousing use cases, improving deliverability and solution fit across diverse operating scenarios. The introduction of such solutions and products has broadened our addressable market and strengthened the foundation for subsequent scaling.

Revenue by Application Domain

During the Track Record Period, we generated substantially all our revenue from the sales of ACR solutions.

We provide ACR solutions tailored to serve two core application domains: (i) distribution, enabling high-efficiency case handling, order fulfillment and circulation within warehouses, which is our primary area of deployment; and (ii) manufacturing, streamlining the automated flow of materials, components and finished goods across production lines and industrial facilities, which is an important area of our future expansion.

The following table sets forth a breakdown of our revenue by application domain, in absolute amounts and as percentages of total revenue, for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Application domains								
Distribution	463,684	57.5	986,408	72.5	694,670	74.6	1,051,235	83.2
Manufacturing	343,323	42.5	373,956	27.5	236,601	25.4	211,730	16.8
Total	**807,007**	**100.0**	**1,360,364**	**100.0**	**931,271**	**100.0**	**1,262,965**	**100.0**

During the Track Record Period, revenue from the distribution domain increased both in absolute terms and as a proportion of our total revenue, primarily due to our consistent focus on and continued expansion of our business in such domain, driven by our deep industry penetration and increasing project scale. As our distribution deployments scaled rapidly, we achieved increasing economies of scale in procurement, manufacturing and delivery, which contributed to improved cost efficiency and enhanced operating leverage.

Revenue from the manufacturing domain, while accounting for a smaller proportion of our total revenue over time, reflected our deliberate effort to optimize our business mix and reallocate resources among different application domains. Revenue from the manufacturing domain increased in absolute terms from RMB343.3 million in 2023 to RMB374.0 million in 2024, while its contribution to total revenue decreased from 42.5% to 27.5% for the same period. For the nine months ended September 30, 2025, revenue from the manufacturing domain decreased to RMB211.7 million from RMB236.6 million for the corresponding period in 2024, and its revenue contribution further declined from 25.4% to 16.8%. These trends reflected our ongoing strategic optimization of project mix in the manufacturing domain, including a more selective focus on higher-value projects and standardized solution offerings. See "— Gross Profit and Gross Profit Margin." According to CIC, the demand for warehouse automation in the manufacturing domain remains vast, making this domain a meaningful opportunity for further penetration as adoption of ACR-based manufacturing automation accelerates globally. Moreover, we recorded relatively higher gross profit margin for the manufacturing domain during the Track Record Period, which is indicative of its strong profitability potential. As a result, the manufacturing domain remains an important area for our future expansion.

Revenue by Geographic Location

Over the years, we have built a geographically diverse and extensive customer base. Revenue generated from non-domestic markets accounted for 24.2%, 38.1% and 39.6% of total revenue in 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

The following table sets forth a breakdown of our revenue by geographic location of our customers (determined based on the location of our internal teams managing such customers), in absolute amounts and as percentages of total revenue, for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Geographic Locations								
Domestic market	612,093	75.8	842,407	61.9	613,091	65.8	763,026	60.4
Non-domestic markets	194,914	24.2	517,957	38.1	318,180	34.2	499,939	39.6
Total	**807,007**	**100.0**	**1,360,364**	**100.0**	**931,271**	**100.0**	**1,262,965**	**100.0**

Our non-domestic business has scaled rapidly and has become a central part of our growth profile. The continued increase in the revenue contribution from non-domestic markets to our total revenue during the Track Record Period reflects strong demand for our ACR solutions across key non-domestic markets, including the Americas, EMEA, Japan and the rest of APAC. These markets are characterized by acute labor shortages and high labor costs, together with highly developed logistics and fulfillment infrastructure, strong demand for efficiency enhancement, and increasing adoption of automation technologies to support large-scale, high-throughput warehouse and fulfillment operations.

Non-domestic markets not only deliver larger initial deployment revenue but also create meaningful and recurring service-revenue opportunities, positioning our global footprint as a structural contributor to long-term margin improvement and overall financial performance. See "— Key Factors Affecting our Results of Operations — Expanding Global Footprint" for further information.

Revenue by Sales Channel

We generate revenue through two primary sales channels: (i) direct sales, representing sales conducted directly with customers, and (ii) channel partner sales, representing sales made through channel partners. The mix between these channels reflects differences in customer profiles, project complexity, and local execution requirements across regions.

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

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Sales Channels								
Direct sales	513,879	63.7	822,462	60.5	577,792	62.0	935,655	74.1
Channel partner sales	293,128	36.3	537,902	39.5	353,479	38.0	327,310	25.9
Total	**807,007**	**100.0**	**1,360,364**	**100.0**	**931,271**	**100.0**	**1,262,965**	**100.0**

Direct Sales

We use direct sales for customers with such needs, particularly strategic and KA customers. Many of our projects with direct customers involve sizable warehouse areas, higher throughput requirements and longer implementation cycles, which demand close coordination between our engineering, implementation and on-site support teams. In these cases, we work directly with end customers from solution design through deployment and stabilization, allowing us to manage system performance more effectively, respond quickly to operational needs, and maintain control over service quality throughout the project lifecycle. During the Track Record Period, revenue from direct sales accounted for the majority of our revenue, mainly because large-scale projects, where we typically engage directly with end customers, carry significantly higher contract values.

Channel Partner Sales

We work closely with an expanding network of channel partners to leverage their established customer bases and local execution capabilities for sales of our ACR solutions, which is our primary go-to-market model in non-domestic markets. This channel model enables us to broaden our geographic reach, accelerate market entry and serve end-customers more efficiently, particularly in markets where local presence, engineering capability and familiarity with regional operating norms are critical for commercial success.

Most of our channel partners are system integrators who act as solution providers in warehouse automation and digitalization projects. They typically combine our ACR systems with their own software platforms, racking structures and other automation components to deliver full-stack solutions to end-customers. By working with these partners, we are able to leverage their industry relationships and customer networks to accelerate market penetration, benefit from their localized implementation, engineering and after-sales capabilities, further improving delivery efficiency and customer satisfaction, and obtain first-hand feedback from frontline customer usage and incorporate such feedback into our product iterations. The increasing standardization of our ACR solutions enables more seamless collaboration with system integrators, supporting a scalable sales and delivery ecosystem and reducing implementation manpower requirements to accelerate the rollout of our solutions and enhance deployment efficiency across regions. As of December 31, 2024, we had established partnerships with six of the world's top ten system integrators, representing broader engagement with leading system integrators compared to most industry peers.

In other cases, our channel partners directly promote and resell our ACR solutions to end customers based on their understanding and knowledge of our ACR solutions. In this process, they also provide a suite of supporting services to end customers, such as design, implementation and maintenance.

During the Track Record Period, sales through our channel partners accounted for a significant portion of our ACR solution revenue, although the relative contribution varied across periods. In the early stage of our business, when our overall scale was still limited, we relied primarily on direct sales, particularly to serve major customers and secure initial large-scale projects that supported technology validation and market entry. As our customer base expanded and our product offerings became more standardized, including the introduction of new products with higher modularity and improved deployability such as the *HaiClimber* robots, we gradually increased our use of channel partners to expand market coverage and serve a broader group of customers.

While direct sales will continue to be a meaningful go-to-market channel, we expect cooperation with channel partners to become increasingly important for scaling deployments across multiple regions and customer groups.

Cost of Sales

Cost of sales mainly comprises the following items:

- *Material Costs* represent the largest component of our cost of sales. Throughout the Track Record Period, through significant improvements in product standardization, we have increased component commonality and reduced SKU complexity. These enhancements support longer-term material cost efficiency and gradually reduce materials cost as a percentage of revenue over time.

- *Implementation Costs* consist of engineering labor, onsite installation, commissioning, testing, technical support, and project-specific field services.

- *Logistics Costs* represent the expenses, including applicable taxes, incurred for packaging, transporting and delivering our ACR solutions to customers.

- *Inventory Write-down* represents the costs of inventories exceeding the net realizable value. See "—Discussion of Selected Items from Our Consolidated Balance Sheet — Assets — Inventories" for further information.

- *Share-based Payment* represents the share options granted under the Employee Incentive Plan to eligible employees for their contributions to us. See "Appendix IV — Statutory and General Information — Employee Incentive Plan" for details.

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

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Material costs	469,099	58.1	734,026	54.0	520,209	55.9	618,944	49.0
Implementation costs	97,785	12.2	154,884	11.3	104,200	11.1	157,214	12.4
Logistics costs	36,500	4.5	78,831	5.8	49,826	5.3	114,535	9.1
Inventory write-down	73,707	9.1	33,593	2.5	26,652	2.9	5,848	0.5
Share-based payment	762	0.1	1,571	0.1	1,399	0.2	1,153	0.1
Total	**677,853**	**84.0**	**1,002,905**	**73.7**	**702,286**	**75.4**	**897,694**	**71.1**

Our cost of sales increased from RMB677.9 million in 2023 and RMB1,002.9 million in 2024 and increased from RMB702.3 million for the nine months ended September 30, 2024 to RMB897.7 million for the same period of 2025, primarily reflecting the expansion of our revenue scale and higher shipment volumes of ACR solutions in line with business growth. Notwithstanding the increases in absolute amounts, our cost of sales as a percentage of revenue declined over the Track Record Period, from 84.0% in 2023 to 73.7% in 2024 and from 75.4% for the nine months ended September 30, 2024 to 71.1% for the same period of 2025, reflecting the effects of scale expansion, ongoing cost management initiatives and improving operational and delivery efficiency. See "— Key Factors Affecting Our Results of Operations — Cost Management and Operational Efficiency" for further information.

Gross Profit and Gross Profit Margin

Gross profit is equal to our total revenue less cost of sales. Our gross profit increased significantly during the Track Record Period, rising from RMB129.2 million in 2023 to RMB357.5 million in 2024 and from RMB229.0 million for the nine months ended September 30, 2024 to RMB365.3 million in the corresponding period of 2025. Correspondingly, our overall gross profit margin increased from 16.0% in 2023 to 26.3% in 2024 and from 24.6% for the nine months ended September 30, 2024 to 28.9% for the nine months ended September 30, 2025.

The improvement in our gross profit margin was primarily driven by the continued expansion of our business in non-domestic markets. Non-domestic projects generally involve larger deployment scales and higher project values, and the increasing contribution of revenue from non-domestic markets, from 24.2% in 2023 to 39.6% for the nine months ended September 30, 2025, enhanced our overall margin mix. Our margin improvement was also supported by the expanding scale of our deployments and the increasing standardization and efficiency of our solution delivery. As more projects were delivered across a broader customer base, we benefited from scale effects in procurement, production coordination and project execution. At the same time, the growing experience of our delivery teams in handling large and complex sites further improved operating efficiency and overall margin performance.

Looking ahead, we expect the same factors that supported our margin improvement during the Track Record Period to continue in the foreseeable future. As we undertake more non-domestic projects, we expect the share of higher-value projects to further increase. We believe that these structural factors will support a gradual and steady improvement in our gross profit margin over time in the medium to long term.

Gross Profit and Gross Profit Margin by Application Domain

The following table sets forth our gross profit and gross profit margin by application domain for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross profit RMB'000	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*
Distribution	106,946	23.1	270,576	27.4	188,066	27.1	283,684	27.0
Manufacturing	96,677	28.2	122,047	32.6	68,970	29.2	88,589	41.8

During the Track Record Period, the distribution domain remained the primary growth driver of our revenue, with strong growth in both absolute revenue and revenue contribution, as well as improvement in profitability. The gross profit margin of the distribution domain increased from 23.1% in 2023 to 27.4% in 2024 and remained relatively stable at 27.0% for the nine months ended September 30, 2025, reflecting enhanced operating efficiency achieved alongside rapid scale expansion. The manufacturing sector also delivered a meaningful improvement in profitability during the Track Record Period. As we proactively optimized our business mix and focused on high-value projects for the manufacturing domain, revenue from such domain experienced certain period-to-period fluctuations, while gross profit margin improved steadily from 28.2% in 2023 to 32.6% in 2024, and further to 41.8% for the nine months ended September 30, 2025, which effectively enhanced the profitability of this domain and supported our overall financial performance.

Gross Profit and Gross Profit Margin by Geographic Location

The following table sets forth our gross profit and gross profit margin by geographic location for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross profit RMB'000	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*
Domestic market	114,523	18.7	178,153	21.1	132,871	21.7	152,706	20.0
Non-domestic markets	89,100	45.7	214,471	41.4	124,165	39.0	219,568	43.9

During the Track Record Period, we consistently recorded higher gross margins in non-domestic markets than in the domestic market. While non-domestic projects typically involve longer implementation cycles and higher upfront coordination, logistics and compliance costs, they are generally larger in scale, more complex and higher in value, with broader system scopes and more demanding performance requirements. In addition, non-domestic customers tend to require higher service standards throughout the project life cycle, driving sustained demand for value-added services that generate recurring revenue with structurally higher margins. In comparison, the domestic market is characterized by more intense competition and greater price sensitivity, which typically result in tighter pricing and lower margin levels for domestic projects. As a result, the combination of larger project value, broader deployment scope and deeper post-deployment service penetration supports consistently higher gross profit margins for non-domestic projects.

Other Income and Gains

During the Track Record Period, our other income primarily consisted of (i) software tax refund, (ii) subsidies for our growth and research and development activities, (iii) interest income from bank deposits and long-term receivables, (iv) additional deduction of value-added tax, (v) income from sales of materials and scrapped materials, and (vi) investment income from financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income, mainly returns from the wealth management products.

Our gains primarily consisted of (i) gain on exchange differences, net and (ii) fair value gains on financial assets at FVTPL, which mainly reflected changes in the fair value of the wealth management products we held. See Note 5 to the Accountants' Report included in Appendix I to this Document for a detailed breakdown of our other income and gains.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses consisted of (i) employee compensation for sales personnel, (ii) marketing and promotional spending, (iii) office and travel expenses for business development activities, (iv) share-based payment for sales personnel, (v) depreciation and amortization, (vi) consulting service expenses, and (vii) other miscellaneous expenses incurred in connection with customer acquisition.

The following table sets forth a breakdown of selling and distribution expenses by nature, in absolute amounts and as percentages of total revenue, for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee compensation	284,804	35.3	328,922	24.2	239,273	25.7	252,003	20.0
Marketing and promotional spending	54,004	6.7	58,138	4.3	48,235	5.2	43,977	3.5
Office and travel expenses	37,401	4.6	45,936	3.4	31,510	3.4	38,453	3.0
Share-based payment	26,245	3.3	31,720	2.3	27,149	2.9	31,545	2.5
Depreciation and amortization	13,883	1.7	12,896	0.9	10,441	1.1	9,263	0.7
Consulting service expenses	3,651	0.5	7,446	0.5	4,503	0.5	5,110	0.4
Others	4,463	0.6	4,120	0.3	2,677	0.3	5,359	0.4
Total	**424,451**	**52.7**	**489,178**	**35.9**	**363,788**	**39.1**	**385,710**	**30.5**

During the Track Record Period, our selling and distribution expenses increased in absolute amounts as our business expanded, reflecting the enlargement of our sales and solution team to support a higher number of domestic and non-domestic projects, and increased customer engagement activities associated with bidding, solution design and pre-deployment validation. In addition, we incurred promotional expenses to support global marketing and brand-building activities, including our participation in exhibitions across major markets, consistent with the global expansion of our customer base. These expenses were in line with the expansion of our commercial activities and the higher volume of customer interactions during the Track Record Period.

Our selling and distribution expenses as a percentage of total revenue decreased from 52.7% in 2023 to 35.9% in 2024, and decreased from 39.1% for the nine months ended September 30, 2024 to 30.5% for the same period in 2025, reflecting the gradual realization of our economies of scale. Looking forward, we expect our selling and distribution expenses to continue to increase in absolute amount in the foreseeable future, driven primarily by the continued expansion of our global business. Meanwhile, we expect our selling and distribution expenses as a percentage of total revenue to continue to decline steadily over time, as revenue is projected to grow at a faster pace than the incremental investments required to support new markets.

Administrative Expenses

Our administrative expenses mainly comprised (i) employee compensation for management and general administrative staff which represented the largest component of administrative expenses, (ii) share-based payment for management and general administrative staff, (iii) office and travel expenses, including office supplies, utilities, rental, and travel expenses, (iv) professional service expenses mainly relating to the legal, audit, consulting and compliance services supporting our corporate governance and expansion activities, and (v) depreciation and amortization of office equipment and right-of-use assets.

The following table sets forth a breakdown of administrative expenses by nature, in absolute amounts and as percentages of total revenue, for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Employee compensation	113,429	14.1	114,171	8.4	85,560	9.2	85,412	6.8
Share-based payment	21,040	2.6	26,768	2.0	21,654	2.3	22,055	1.7
Office and travel expenses	24,406	3.0	21,284	1.6	13,822	1.5	18,350	1.5
Professional service expenses	14,410	1.8	20,145	1.5	14,829	1.6	14,369	1.1
Depreciation and amortization	11,347	1.4	8,965	0.7	6,833	0.7	8,914	0.7
Others(1)	6,055	0.8	8,222	0.6	4,705	0.5	6,264	0.5
Total	**190,687**	**23.7**	**199,555**	**14.8**	**147,403**	**15.8**	**155,364**	**12.3**

Note:

(1) Others primarily represent taxes and surcharges and bank charges.

Research and Development Expenses

During the Track Record Period, our research and development (R&D) expenses consisted of (i) employee compensation for R&D staff, (ii) share-based payment for R&D staff, (iii) office and miscellaneous expenses, (iv) material costs for prototyping and testing, (v) depreciation and amortization of equipment used in our R&D activities, (vi) consulting service expenses, including expenses associated with R&D process optimization consultation related to R&D support, and (vii) testing expenses. Our R&D expenses generally reflected the resources required to support ongoing product updates, software iteration and performance improvements across our ACR solutions.

The following table sets forth a breakdown of R&D expenses by nature, in absolute amounts and as percentages of total revenue, for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee compensation	227,152	28.1	240,990	17.7	175,168	18.8	187,478	14.8
Share-based payment	22,225	2.8	35,114	2.6	29,447	3.2	27,659	2.2
Office and miscellaneous expenses	9,029	1.1	12,378	0.9	7,697	0.8	13,486	1.1
Material costs	18,981	2.4	14,053	1.0	10,075	1.1	11,660	0.9
Depreciation and amortization	16,840	2.1	15,107	1.1	11,637	1.2	10,654	0.8
Consulting service expenses	13,117	1.6	13,113	1.0	3,996	0.4	4,611	0.4
Testing	1,529	0.2	3,199	0.2	1,818	0.2	2,164	0.2
Total	**308,873**	**38.3**	**333,954**	**24.5**	**239,838**	**25.7**	**257,712**	**20.4**

During the Track Record Period, our research and development expenses increased in absolute terms from RMB308.9 million in 2023 to RMB334.0 million in 2024, and increased from RMB239.8 million for the nine months ended September 30, 2024 to RMB257.7 million for the same period in 2025, mainly due to continued execution of our product and technology roadmap. The increase reflected ongoing development, iteration and testing activities across multiple product lines, partially offset by improved resource discipline. For example, in 2023, several product iterations and derivative models required more prototypes and sample parts, leading to higher material usage. In 2024, as we strengthened controls over prototype application, encouraged reuse and reduced unnecessary sample builds, overall material consumption declined. A similar trend continued into the nine months ended September 30, 2025, as our improved processes further supported more efficient use of R&D materials.

Our R&D expenses as a percentage of revenue were 38.3% and 24.5% in 2023 and 2024, and 25.7% and 20.4% for the nine months ended September 30, 2024 and 2025, respectively. While the absolute amount of R&D expenses continued to increase, the expense ratio declined as our revenue base expanded, reflecting the effects of scale leverage and better resource management. Looking ahead, we expect R&D investment to continue to grow in absolute terms, driven by major project cycles, software development needs, product upgrades and the recruitment of technical talent. However, we expect R&D expenses as a percentage of total revenue to continue to decrease over time as we benefit from increased economies of scale and more disciplined management of development resources, while maintaining a strong commitment to sustained investment in technology development as a core driver of our competitiveness.

Impairment Loss on Financial and Contract Assets, Net

Our impairment loss on financial and contract assets mainly related to expected credit loss provisions for trade receivables and contract assets. These amounts reflect periodic updates to our loss allowance based on customer credit profiles, aging of receivables and historical collection patterns. We recorded impairment loss on financial assets, net of RMB4.6 million, RMB1.6 million, RMB2.2 million and RMB2.3 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. The impairment loss recorded in each period remained modest relative to the size of our trade receivables and contract assets balances and primarily reflected our routine adjustments under applicable accounting standards.

Other Expenses

Our other expenses consisted primarily of (i) exchange losses arising from the remeasurement of redemption liabilities denominated in foreign currencies and other foreign-currency denominated balances, (ii) losses on disposal of non-current assets; and (iii) impairment losses. Exchange losses fluctuated depending on currency movements during the Track Record Period, especially given the increase in non-domestic transactions. Losses on disposal of non-current assets mainly related to the retirement or replacement of equipment and right-of-use assets that were no longer required for our operations. Impairment losses related to certain fixed assets, primarily arising from impairment recognized on fixed assets that no longer had recoverable economic value despite not having reached the end of their useful lives.

Finance Costs

During the Track Record Period, our finance costs consisted of interest on bank loans, interest on lease liabilities and interest on long-term payables. Lease-related interest expenses primarily arose from our leased properties for manufacturing facilities, warehouses and domestic and non-domestic office premises. Interest on long-term payables related to financing arrangements associated with equipment and other long-term obligations. We incurred finance costs of RMB5.2 million, RMB6.6 million, RMB4.5 million and RMB6.9 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively.

Interest on Redemption Liabilities

Interest on redemption liabilities relates to the redemption liabilities arising from redemption rights granted to certain pre-[**REDACTED**] investors. During the Track Record Period, our interest on redemption liabilities was RMB211.2 million, RMB239.7 million, RMB174.3 million and RMB211.5 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively.

Losses on Fair Value Changes of Derivative Liabilities

Losses on fair value changes of derivative liabilities arises from the anti-dilution right granted to certain pre-[**REDACTED**] investors. During the Track Record Period, we did not record any gain or loss on fair value changes of derivative liabilities in 2023 and for the nine months ended September 30, 2025, while our losses on fair value changes of derivative liabilities were RMB333.1 million both in 2024 and in the nine months ended September 30, 2024.

Income Tax Expense

We recorded income tax expenses of RMB1.0 million, RMB3.0 million, RMB2.3 million and RMB7.4 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. The increase in income tax expense over the Track Record Period was mainly due to certain subsidiaries beginning to incur taxable profits, resulting in actual tax payments at the subsidiary level.

Several of our PRC subsidiaries, including HAI Robotics Co., Ltd. and Kubo Software, qualify as High and New Technology Enterprises ("HNTEs") and enjoy a preferential enterprise income tax rate of 15%. The HNTE preferential tax status for HAI Robotics Co., Ltd. and Kubo Software remains valid until October 2026 and November 2026, respectively, and we intend to renew these qualifications upon expiry. In addition, we benefit from additional deductions for eligible R&D expenses under applicable PRC tax policies. Non-domestic subsidiaries are subject to local statutory tax rates, which range from approximately 17% to 35%.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 35.6% from RMB931.3 million for the nine months ended September 30, 2024 to RMB1,263.0 million for the nine months ended September 30, 2025, primarily due to higher revenue from both domestic and non-domestic markets, with non-domestic revenue recording comparatively faster growth.

Distribution Domain

Revenue from the distribution domain increased by 51.3% from RMB694.7 million for the nine months ended September 30, 2024 to RMB1,051.2 million for the nine months ended September 30, 2025. This growth was mainly attributable to (i) the continued increase in warehouse automation adoption in the distribution domain, (ii) expanding customer penetration supported by both new customer acquisitions and customer repurchase, and (iii) a broader and more standardized product portfolio.

Manufacturing Domain

Revenue from the manufacturing domain decreased slightly by 10.5% from RMB236.6 million for the nine months ended September 30, 2024 to RMB211.7 million for the nine months ended September 30, 2025, primarily due to our strategic adjustment of business mix toward higher-margin projects in the manufacturing domain to reallocate our resources to high-value customers and expand our global presence. As a result, while revenue experienced a modest decline, the overall quality of our customer base and profitability of the manufacturing domain improved materially.

Cost of Sales

Our cost of sales increased by 27.8% from RMB702.3 million for the nine months ended September 30, 2024 to RMB897.7 million for the nine months ended September 30, 2025, primarily due to growth across materials, implementation and logistics costs, reflecting our revenue growth and expanding delivery volume.

More specifically, the increase was primarily attributable to:

- *Higher Material Costs*, which increased by 19.0% from the nine months ended September 30, 2024 to the same period in 2025, generally in line with the expanded scale of solution deployments, reflecting higher volumes of ACRs and other related components delivered during the period.

- *Higher Implementation Costs*, which increased by 50.9% from the nine months ended September 30, 2024 to the same period in 2025, mainly due to the greater revenue contribution from non-domestic markets for the same periods, which increased from 34.2% for the nine months ended September 30, 2024 to 39.6% for the same period in 2025. The higher implementation costs were also attributable to the greater number and rising complexity of customer deployments.

- *An Increase in Logistics and Transportation Costs*, primarily due to the sustained increase in non-domestic order volume and the associated rise in outbound shipments, which is consistent with the significant growth in our revenue from non-domestic markets. Additionally, beginning in 2024, we launched a series of logistics optimization measures, including improvements in packaging structure, better planning of shipment density, and the introduction of dedicated logistics management personnel, which partially offset the impact of increased non-domestic deliveries. These initiatives are expected to support continued efficiency improvements as non-domestic shipments scale further.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 59.5% from RMB229.0 million for the nine months ended September 30, 2024 to RMB365.3 million for the nine months ended September 30, 2025. Our gross profit margin improved from 24.6% for the nine months ended September 30, 2024 to 28.9% for the nine months ended September 30, 2025. The improvement in gross profit margin was primarily driven by the following factors:

(i) *A Higher Contribution from Non-domestic Markets*, which generally exhibit stronger margin profiles than projects in the domestic market. During the Track Record Period, differences in market structure and customer pricing between non-domestic and domestic markets had a material positive impact on our overall gross profit margin. This shift is reflected in our revenue mix, with revenue contribution from non-domestic markets increasing from 34.2% for the nine months ended September 30, 2024 to 39.6% for the same period in 2025. Notably, for the nine months ended September 30, 2025, orders from non-domestic markets accounted for over 50% of our total order intake, marking the first time that orders from non-domestic markets exceeded those from the domestic market.

(ii) *Increased Economies of Scale*, which enhanced our purchasing leverage and helped reduce average component costs. As the number and size of our deployments continued to expand, particularly with a higher proportion of large-scale projects with higher contract values, our procurement volumes increased materially. This allowed us to secure more favorable pricing terms from key component suppliers and manufacturing partners. At the same time, repeated execution of projects of similar scale and configuration improved production planning accuracy and on-site execution efficiency.

These factors were reflected in our gross profit margin for the non-domestic markets, which increased from 39.0% for the nine months ended September 30, 2024 to 43.9% for the same period in 2025.

Distribution Domain

For the nine months ended September 30, 2025, the gross profit margin of the distribution domain remained broadly stable at 27.0%, compared with 27.1% for the nine months ended September 30, 2024, reflecting continued operating efficiency, disciplined project execution and stable pricing and cost control despite continued revenue growth and expansion of business scale during the period.

Manufacturing Domain

For the nine months ended September 30, 2025, the gross profit margin of the manufacturing domain increased significantly to 41.8%, compared with 29.2% for the nine months ended September 30, 2024. This substantial improvement was primarily attributable to our continued optimization of the project mix in the manufacturing domain toward higher-value and higher-margin projects. Such margin expansion demonstrates a meaningful enhancement in profitability and reflects the effectiveness of our quality-focused approach to the manufacturing domain.

Other Income and Gains

Our other income and gains increased by 30.0% from RMB61.4 million for the nine months ended September 30, 2024 to RMB79.8 million for the nine months ended September 30, 2025, primarily due to net gains on exchange differences, partially offset by a significant reduction in additional VAT deductions available under changes in applicable policies, decreased software tax refund and fewer government grants for research and development activities.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 6.0% from RMB363.8 million for the nine months ended September 30, 2024 to RMB385.7 million for the nine months ended September 30, 2025, primarily due to higher employee compensation and share-based payment granted to sales staff, as well as increased office and travel expenses to support our expanding non-domestic customer base and pre-sales activities. Such increase was consistent with our broader global expansion and rising volume of cross-border commercial activities. Our selling and distribution expenses as a percentage of revenue decreased from 39.1% for the nine months ended September 30, 2024 to 30.5% for the nine months ended September 30, 2025, reflecting improved operating leverage and greater efficiency of our sales and distribution activities as revenue scaled.

Administrative Expenses

Our administrative expenses increased by 5.4% from RMB147.4 million for the nine months ended September 30, 2024 to RMB155.4 million for the nine months ended September 30, 2025, primarily due to an increase in office and travel expenses mainly attributable to our business expansion in both domestic and non-domestic markets, resulting in growing management resources for broader geographic coverage and increased cross-regional travel by administrative staff.

Research and Development Expenses

Our research and development expenses increased by 7.5% from RMB239.8 million for the nine months ended September 30, 2024 to RMB257.7 million for the nine months ended September 30, 2025, primarily due to (i) higher employee compensation for R&D personnel, reflecting adjustments to our R&D talent structure and the continued recruitment of global talent in support of our long-term R&D strategy; and (ii) increased office and travel expenses, attributable to more frequent travel by R&D personnel arising from deeper collaboration and interaction with customers in connection with our enhanced investment in strategic projects during 2025.

Impairment Loss on Financial and Contract Assets, Net

Our impairment loss on financial and contract assets, net remained relatively stable at RMB2.2 million and RMB2.3 million for the nine months ended September 30, 2024 and 2025, respectively.

Other Expenses

Our other expenses remained relatively stable at RMB7.4 million and RMB6.7 million for the nine months ended September 30, 2024 and 2025, respectively.

Finance Costs

Our finance costs increased by 53.3% from RMB4.5 million for the nine months ended September 30, 2024 to RMB6.9 million for the nine months ended September 30, 2025, primarily due to an increase in interest on bank loans as a result of new bank loans for the nine months ended September 30, 2025.

Interest on Redemption Liabilities

Our interest on redemption liabilities increased from RMB174.3 million for the nine months ended September 30, 2024 to RMB211.5 million for the nine months ended September 30, 2025, primarily reflecting the increase in redemption liabilities. See "— Indebtedness — Redemption Liabilities" for details.

Losses on Fair Value Changes of Derivative Liabilities

We did not record any gain or loss on fair value changes of derivative liabilities for the nine months ended September 30, 2025, as compared to losses on fair value changes of derivative liabilities of RMB333.1 million for the same period of 2024, primarily due to changes in the fair value of derivative liabilities, as the anti-dilution right granted to certain pre-[**REDACTED**] investors was triggered for the nine months ended September 30, 2024, resulting in a significant remeasurement gain in such period, whereas no such triggering events occurred for the same period of 2025.

Income Tax Expense

Our income tax expense increased significantly from RMB2.3 million for the nine months ended September 30, 2024 to RMB7.4 million for the nine months ended September 30, 2025, primarily due to certain subsidiaries beginning to record taxable profits as their operations reached breakeven.

Loss for the Period

As a result of the foregoing, our loss for the period decreased by 40.2% from RMB984.5 million for the nine months ended September 30, 2024 to RMB588.6 million for the nine months ended September 30, 2025.

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

Revenue

Our revenue increased by 68.6% from RMB807.0 million in 2023 to RMB1,360.4 million in 2024, primarily driven by higher revenue from both the domestic and non-domestic markets, with non-domestic revenue recording comparatively faster growth.

Revenue from the distribution domain increased significantly from RMB463.7 million in 2023 to RMB986.4 million in 2024 and revenue from the manufacturing domain from RMB343.3 million in 2023 to RMB374.0 million in 2024. This growth was mainly attributable to (i) the continued increase in warehouse automation adoption across both distribution and manufacturing domains, (ii) expanding customer penetration supported by both new customer acquisitions and customer repurchase, and (iii) a broader product portfolio, including iterations and upgrades to core product lines such as the *HaiPick Climb* series.

Cost of Sales

Our cost of sales increased by 47.9% from RMB677.9 million in 2023 to RMB1,002.9 million in 2024. This increase reflected growth across materials, implementation, logistics and other cost components, reflecting our revenue growth and expanding delivery volume.

More specifically, the increase was primarily attributable to:

- *Higher Material Costs*, which increased by 56.5% year-over-year in 2024, generally in line with the expanded scale of solution deployments, reflecting higher volumes of ACRs and other related components delivered during the year.

- *Higher Implementation Costs*, which increased by 58.4% from 2023 to 2024, mainly due to the greater revenue contribution from non-domestic markets for the same periods. The higher implementation costs were also due to the greater number and rising complexity of customer deployments.

- *An Increase in Logistics and Transportation Costs*, primarily due to the sustained increase in non-domestic order volume and the associated rise in outbound shipments. This trend is consistent with the significant growth in our non-domestic revenue, which increased from 24.2% of total revenue in 2023 to 38.1% in 2024. Additionally, beginning in 2024, we launched a series of logistics optimization measures, including improvements in packaging structure, better planning of shipment density, and the introduction of dedicated logistics management personnel, which partially offset the impact of increased non-domestic deliveries. These initiatives are expected to support continued efficiency improvements as non-domestic shipments scale further.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB129.2 million in 2023 to RMB357.5 million in 2024, and our gross profit margin improved from 16.0% to 26.3% for the same period. The improvement in gross profit margin was primarily driven by the following factors:

(i) *A Higher Contribution from Non-domestic Markets*, which generally exhibit stronger margin profiles than domestic projects. During the Track Record Period, differences in market structure and customer pricing between non-domestic and domestic markets had a material positive impact on our overall gross profit margin. This shift is reflected in our revenue mix, with revenue contribution from non-domestic markets increasing from 24.2% in 2023 to 38.1% in 2024. Notably, for the nine months ended September 30, 2025, non-domestic orders accounted for approximately 50% of our total order intake, marking the first time that non-domestic orders exceeded those from the domestic market.

(ii) *Increased Economies of Scale*, which enhanced our purchasing leverage and helped reduce average component costs. As the number and size of our deployments continued to expand, particularly with a higher proportion of large-scale projects with higher contract values, our procurement volumes increased materially. This allowed us to secure more favorable pricing terms from key component suppliers and manufacturing partners. At the same time, repeated execution of projects of similar scale and configuration improved production planning accuracy and on-site execution efficiency.

Distribution Domain

The gross profit margin of the distribution domain increased from 23.1% in 2023 to 27.4% in 2024. This improvement was primarily attributable to enhanced operating efficiency achieved alongside rapid revenue growth and scale expansion. As the distribution business continued to grow in both absolute revenue and revenue contribution, we benefited from better absorption of fixed operating costs, improved execution efficiency and increased standardization across projects. These factors collectively supported margin expansion in the distribution domain as the business transitioned into a more scaled and mature growth phase.

Manufacturing Domain

The gross profit margin of the manufacturing domain increased from 28.2% in 2023 to 32.6% in 2024. The improvement was primarily driven by our proactive optimization of the project mix in the manufacturing domain toward higher-value and higher-margin projects starting in 2024, which supported a higher margin profile and a meaningful enhancement in profitability during the period.

Other Income and Gains

Other income and gains were RMB50.0 million in 2023 and RMB55.1 million in 2024, remaining broadly stable across the two periods. The slight year-on-year increase was primarily attributable to (i) an increase in additional deduction of value-added tax to which we are entitled under the VAT super-deduction policy in Chinese Mainland as well as an increase in software tax refund; and (ii) higher other operating income, which rose from RMB5.3 million to RMB8.4 million, mainly attributable to disposal of slow-moving and obsolete inventory as a result of our strengthened inventory management. These increases were partially offset by a decrease in investment income from financial assets at FVTPL from RMB9.1 million to RMB0.7 million, primarily due to lower investment returns from structured deposits as a result of the decreased balances and fluctuating interest rate of such investments.

Selling and Distribution Expenses

Selling and distribution expenses increased by 15.2% from RMB424.5 million in 2023 to RMB489.2 million in 2024. The increase was primarily driven by higher employee compensation, reflecting the localization of our non-domestic sales teams and improved compensation level for our sales staff in line with business expansion. In addition, office and travel expenses increased as a result of more frequent customer visits and on-site engagements, as our business expanded and cross-border commercial activities intensified. Our selling and distribution expenses as a percentage of revenue decreased from 52.7% in 2023 to 35.9% in 2024, reflecting improved operating leverage and greater efficiency of our sales and distribution activities as our business scaled.

Administrative Expenses

Our administrative expenses increased by 4.7% from RMB190.7 million in 2023 to RMB199.6 million in 2024 primarily attributable to: (i) an increase in consulting service fees in 2024 due to corporate-level activities, including pre-[**REDACTED**] preparations, due diligence work associated with financing activities, and consulting engagements related to organizational upgrades, and (ii) higher employee compensation, primarily due to increased share-based payments granted to administrative staff. Such increase was partially offset by decreased office and travel expenses, as we incurred significant expenses related to trademark registration and organizational build-out in 2023 while such activities normalized and related expenditures stabilized in 2024.

Research and Development Expenses

Research and development (R&D) expenses increased by 8.1% from RMB308.9 million in 2023 to RMB334.0 million in 2024. The increase was mainly due to higher employee-related costs, including increased share-based payment expenses for R&D personnel. The overall increase in R&D expenses was partially offset by a reduction in material consumption, which decreased from RMB19.0 million in 2023 to RMB14.1 million in 2024 mainly as a result of more disciplined R&D process management, including tighter control over prototype applications, enhanced sample reuse and more streamlined development workflows.

Impairment Loss of Financial and Contract Assets, Net

Impairment loss on financial and contract assets, net decreased from RMB4.6 million in 2023 to RMB1.6 million in 2024, primarily due to our enhanced management of trade and bills receivables and improved collection efficiency, resulting in a lower level of impairment provisions on trade and bills receivables and contract assets.

Other Expenses

Other expenses increased from RMB42.1 million in 2023 to RMB61.6 million in 2024, primarily due to increased foreign exchange losses arising from currency fluctuations during the period and increased impairment losses on property, plant and equipment.

Finance Costs

Finance costs increased by 26.9% from RMB5.2 million in 2023 to RMB6.6 million in 2024. The increase was primarily attributable to higher interest on bank loans, as we drew down both short-term and long-term facilities in 2024. These bank loans were mainly used to support our expanding operating scale, including higher working capital needs arising from non-domestic projects and the growth in project delivery volume.

Losses on Fair Value Changes of Derivative Liabilities

We recorded losses on fair value changes of derivative liabilities of RMB333.1 million in 2024, while did not record any gain or loss on fair value changes of derivative liabilities in 2023, primarily due to changes in the fair value of derivative liabilities arising from anti-dilution rights granted to certain pre-[**REDACTED**] investors. Such rights were triggered in 2024, resulting in a significant remeasurement gain in that year, whereas no such triggering events occurred in 2023.

Income Tax Expense

Income tax expense increased from RMB1.0 million in 2023 to RMB3.0 million in 2024, primarily due to certain subsidiaries beginning to record taxable profits as their operations reached breakeven.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 24.4% from RMB1,009.0 million in 2023 to RMB1,255.7 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED BALANCE SHEETS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated.

	As of December 31,		**As of September 30,**
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Total non-current assets	203,437	176,392	226,820
Total current assets	1,731,101	2,294,583	2,488,836
Total assets	**1,934,538**	**2,470,975**	**2,715,656**

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Total non-current liabilities	200,143	243,608	206,790
Total current liabilities	4,258,724	5,575,605	6,388,355
Total liabilities	**4,458,867**	**5,819,213**	**6,595,145**
Net current liabilities	**(2,527,623)**	**(3,281,022)**	**(3,899,519)**
Total assets less current liabilities	**(2,324,186)**	**(3,104,630)**	**(3,672,699)**
Net liabilities	**(2,524,329)**	**(3,348,238)**	**(3,879,489)**
Paid-in capital	3,020	3,601	5,013
Deficits	(2,527,349)	(3,351,839)	(3,884,502)
Total equity	**(2,524,329)**	**(3,348,238)**	**(3,879,489)**

Assets

Inventories

During the Track Record Period, our inventories primarily consisted of raw materials, finished goods and dispatched goods and contract costs.

Our raw materials mainly comprised electronic components, mechanical parts and consumables, which increased primarily due to higher order volumes in line with the expansion of our solution-delivery activities.

Finished goods mainly represented ancillary and peripheral equipment that had been procured or manufactured but not yet transferred or made available to specific customers. Fluctuations in finished-goods balances across the Track Record Period reflected timing differences between production completion and customer delivery schedules, along with the increase in the number of large projects.

Dispatched goods and contract costs represent costs incurred during the contract delivery process, including (i) products that have been transferred or made available to customers prior to revenue recognition, (ii) labor, materials, on-site deployment, system configuration and other project-specific implementation activities, and (iii) raw materials, deliverables and other contract-specific resources procured or produced for fulfilling the contract, to the extent they meet the criteria for capitalization.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Raw materials	62,290	71,056	90,384
Finished goods	3,664	2,758	4,093
Dispatched goods and contract costs	622,669	854,558	1,041,598
Total	**688,623**	**928,372**	**1,136,075**

Our inventories increased from RMB688.6 million as of December 31, 2023 to RMB928.4 million as of December 31, 2024, primarily due to the increase in customer orders during the year and the higher proportion of large projects requiring more materials and longer delivery cycles. Our inventories subsequently increased to RMB1,136.1 million as of September 30, 2025, mainly attributable to the increases in (i) dispatched goods and contract costs, driven by our rapid business expansion and strong order growth, and (ii) raw materials, reflecting our higher stocking levels for increased customer orders.

We believe that maintaining an appropriate level of inventories enables us to meet customer-delivery requirements and support the execution of large and non-domestic projects, while preserving our overall liquidity position. We have put in place a series of inventory management procedures. See "Business — Manufacturing and Production — Inventory Management" for further details.

Our inventory turnover days, which equals the average of the beginning and ending balances of inventories for a given period divided by cost of sales for the same period and multiplied by the number of days in such period, decreased from 311 days in 2023 to 294 days in 2024, primarily due to improvements in our inventory management efficiency. Our inventory turnover days increased to 315 days for the nine months ended September 30, 2025, primarily due to a higher proportion of larger and more complex projects, which typically involves longer procurement, staging and deployment cycles in inventory management.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*
Within one year	609,660	873,380	1,030,624
One to two years	65,063	34,761	87,301
Two to three years	13,900	15,334	15,378
Over three years	–	4,897	2,772
	688,623	**928,372**	**1,136,075**

As of January 5, 2026, approximately RMB465.4 million, or 41.0% of our inventories outstanding as of September 30, 2025, had been subsequently utilized or sold.

Trade and Bills Receivables

During the Track Record Period, our trade and bills receivables primarily represented amounts due from customers in the ordinary course of business. As of December 31, 2023 and 2024 and September 30, 2025, our trade and bills receivables were RMB157.5 million, RMB209.6 million and RMB181.7 million, respectively. As of December 31, 2023 and 2024 and September 30, 2025, we recorded impairment of trade and bills receivables of RMB4.1 million, RMB5.6 million and RMB7.7 million, respectively.

Our trade and bills receivables increased from RMB157.5 million as of December 31, 2023 to RMB209.6 million as of December 31, 2024, generally in line with the growth in our revenue during the period. Our trade and bills receivables subsequently decreased to RMB181.7 million as of September 30, 2025, primarily due to improved collections during the period. Such improvement was attributable to a higher proportion of customer prepayments as well as continued enhancements to our receivables management and collection mechanisms, including tighter credit control and more disciplined follow-up on outstanding balances. As a result, the overall aging profile of our trade and bills receivables improved, and the non-current portion of trade and bills receivables, including amounts aged over one year, remained limited.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*
Within one year	146,404	186,539	155,646
One to two years	5,448	18,631	16,933
Two to three years	86	1,099	7,904
Total	**151,938**	**206,269**	**180,483**

As our customer base continues to expand and diversify, our settlement terms vary across different customers and project types. We apply lifetime expected credit loss ("ECL") provisioning to our trade receivables that do not contain a significant financing component in accordance with applicable accounting standards and record impairment provisions based on our assessment of their recoverability.

Our trade receivables turnover days, which equals the average of the beginning and ending balances of the current portion of trade receivables (net of provision for impairment) for a given period divided by revenue for the same period and multiplied by the number of days in such period, remained relatively stable at 40 days, 46 days and 41 days in 2023, 2024 and for the nine months ended September 30, 2025, respectively, reflecting the effectiveness of our customer payment structure and collection practices as our revenue scale expanded during the period. Our receivables profile benefited from strong customer payment discipline and a meaningful level of prepayments, supported by well-established credit assessment and collection mechanisms. As a result, we were able to maintain efficient and consistent collection cycles across periods despite continued business growth.

As of January 5, 2026, approximately RMB88.5 million, or 47.1% of our trade receivables outstanding as of September 30, 2025, had been subsequently settled.

Debt Investments at Fair Value Through Other Comprehensive Income (FVOCI)

During the Track Record Period, our debt investments at FVOCI primarily represented bankers' acceptances issued in connection with our receivables and certificates of deposit. We recorded debt investments at FVOCI of RMB55.7 million, RMB3.4 million and RMB1.1 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. These fluctuations were driven by changes in the mix of payment methods adopted by customers and the decrease in certificates of deposit.

Contract Assets

Our contract assets primarily represent amounts contractually retained by customers following project delivery and acceptance. Under the terms of our standard commercial arrangements, certain customers withhold a portion of the contract consideration as warranty retentions. These retentions are payable to us in accordance with the relevant contractual terms upon the expiration of the applicable warranty period. See Note 20 to the Accountants' Report included in Appendix I to this Document for details of our contract assets.

Our contract assets increased from RMB44.2 million as of December 31, 2023 to RMB67.9 million as of December 31, 2024, and further to RMB84.6 million as of September 30, 2025, primarily attributable to increased projects we completed, driven by our business growth.

Prepayments, Deposits and Other Receivables

Our prepayments and other receivables comprise (i) other receivables and deposits related to business operations, (ii) prepayments for property, plant and equipment, (iii) value-added tax recoverable, (iv) prepayments for raw materials and services, (v) prepaid operating expenses for services associated with our ordinary course of business, (vi) amounts due from related parties, and (vii) export tax rebate. See Note 21 to the Accountants' Report included in Appendix I to this Document for a detailed breakdown of our prepayments, deposits and other receivables.

Our prepayments, deposits and other receivables increased from RMB109.2 million as of December 31, 2023 to RMB133.8 million as of December 31, 2024 and further increased to RMB148.1 million as of September 30, 2025, primarily driven by business expansion, higher advance procurement needs and increased other current assets.

Financial Assets at FVTPL

Our financial assets at fair value through profit or loss consisted of structured deposits purchased as part of our short-term cash management activities. As of December 31, 2023 and 2024 and September 30, 2025, we recorded financial assets at FVTPL of RMB30.8 million, RMB40.2 million and RMB10.0 million, respectively. Changes in these balances reflected the timing of our purchases and redemptions of such structured deposits undertaken to optimize returns on surplus cash while meeting our working capital requirements.

Cash and Cash Equivalents, Time Deposits and Restricted Cash

Our cash and cash equivalents increased from RMB532.9 million as of December 31, 2023 to RMB767.6 million as of December 31, 2024, primarily due to proceeds received from our Series E completed in 2024. Our cash and cash equivalents decreased to RMB757.5 million as of September 30, 2025, primarily due to uses of cash for our ordinary business operations.

Our time deposits were RMB66.7 million, RMB14.2 million and 118.3 as of December 31, 2023 and 2024 and September 30, 2025, respectively. Variations in time-deposit balances reflected shifts in our short-term liquidity allocation between term deposits, structured deposits and cash on hand.

Our restricted cash mainly represented bank acceptance guarantee deposits and performance or payment guarantees required for certain non-domestic projects. Our restricted cash increased from RMB150.8 million as of December 31, 2023 to RMB184.0 million as of December 31, 2024, and further to RMB223.6 million as of September 30, 2025, generally consistent with the expansion of our operations and the increased number of projects requiring guarantee arrangements.

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of (i) buildings, (ii) electronic equipment, (iii) machinery and equipment, (iv) motor vehicles, (v) other equipment, (vi) leasehold improvements and (vii) construction in progress. These assets supported our R&D, production, testing and office activities. Buildings relate to our manufacturing facility in Yancheng, Jiangsu Province which commenced production in June 2025. Construction in progress mainly represented equipment and facilities that had not yet been placed into service, as well as project-related systems undergoing installation and commissioning. See Note 13 to the Accountants' Report included in Appendix I to this Document for a detailed breakdown of our property, plant and equipment.

Our property, plant and equipment decreased from RMB45.2 million as of December 31, 2023 to RMB30.4 million as of December 31, 2024, primarily because major facility renovation and production equipment installations were completed in 2023, with no significant asset additions coupled with ongoing depreciation in 2024. Our property, plant and equipment increased from RMB30.4 million as of December 31, 2024 to RMB77.7 million as of September 30, 2025, mainly attributable to the completion and capitalization of our Yancheng facility.

Right-of-use Assets

During the Track Record Period, our right-of-use assets mainly related to our leased properties for manufacturing facilities, warehouses and domestic and non-domestic office premises. Our right-of-use assets decreased from RMB107.1 million as of December 31, 2023 to RMB86.9 million as of December 31, 2024, primarily because we terminated leases or shifted to short-term leases for certain properties. Our right-of-use assets further decreased to RMB82.5 million as of September 30, 2025, primarily attributable to the continued depreciation of right-of-use assets under existing leases.

Other Intangible Assets

During the Track Record Period, our other intangible assets primarily consisted of software systems and patents. Our other intangible assets remained relatively stable at RMB12.4 million, RMB13.2 million and RMB12.9 million as of December 31, 2023 and 2024 and September 30, 2025, respectively.

Liabilities

Trade and Bills Payables

During the Track Record Period, our trade and bills payables primarily consisted of (i) bills payable, mainly representing payments to suppliers in the form of bank acceptance bills, and (ii) trade payables, representing amounts due to suppliers for goods or services procured. As of December 31, 2023 and 2024 and September 30, 2025, our trade and bills payables were RMB649.7 million, RMB846.5 million and RMB941.6 million.

Our trade and bills payables increased from RMB649.7 million as of December 31, 2023 to RMB846.5 million as of December 31, 2024, and further increased to RMB941.6 million as of September 30, 2025, primarily due to the sustained increase in procurement activities to support our rapidly growing project deliveries, as well as the timing of supplier settlements.

Our trade payables turnover days, which equal the average of the beginning and ending balances of trade payables for a given period divided by cost of sales for the same period and multiplied by the number of days in such period, increased from 102 days in 2023 to 138 days in 2024 and further to 167 days for the nine months ended September 30, 2025, primarily because (i) we obtained longer credit terms from certain suppliers as our procurement volume increased, and (ii) we recorded higher period-end trade payable balances resulting from larger purchase volumes.

As of December 31, 2023 and 2024 and September 30, 2025, we had trade and bills payables aged within one year of RMB645.0 million, RMB840.3 million and RMB920.2 million, respectively, and trade payables aged over one year of RMB4.7 million, RMB6.2 million and RMB21.4 million, respectively.

As of January 5, 2026, approximately RMB383.2 million, or 67.7% of our trade payables outstanding as of September 30, 2025, had been subsequently settled.

Contract Liabilities

During the Track Record Period, our contract liabilities primarily represented advance payments received from customers. Our contract liabilities increased from RMB589.6 million as of December 31, 2023 to RMB948.0 million as of December 31, 2024, and further increased to RMB1,137.5 million as of September 30, 2025, primarily due to the higher volume of customer orders secured during the period, reflecting customers' wide recognition of our solutions and delivery capabilities. As of September 30, 2025, our contract liabilities of RMB1,137.5 million exceeded our dispatched goods and contract costs of RMB1,041.6 million, indicating that such fulfillment costs can be funded by customer advances rather than our own working capital.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily consisted of (i) payroll payables, (ii) output value added tax to be transferred, (iii) payable for non-current assets, representing the consideration payable for the construction of the new factory building at our Yancheng facility, (iv) other tax payables, (v) other payables, (vi) payable to a third party and (vii) lease compensation payable. See Note 26 to the Accountants' Report included in Appendix I to this Document for a detailed breakdown of our other payables and accruals.

Our other payables increased from RMB162.5 million as of December 31, 2023 to RMB224.5 million as of December 31, 2024, primarily due to an increase in other tax payables in line with our business growth. Our other payables remained relatively stable at RMB209.4 million as of September 30, 2025.

Provisions

Our provisions mainly represented warranty reserves accrued for projects that have been accepted by customers but remain within the warranty period. Our provisions increased from RMB41.2 million as of December 31, 2023 to RMB74.1 million as of December 31, 2024, and further increased to RMB78.2 million as of September 30, 2025, which was in line with our business expansion and the increase in completed projects under warranty.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we funded our cash requirements primarily through capital contributions from shareholders and cash payments made by customers. Following the [**REDACTED**], we plan to finance our future capital requirements through cash from operating activities, [**REDACTED**] from the [**REDACTED**], equity financing activities and debt financing activities in a balanced manner.

Current Assets and Current Liabilities

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

	As of December 31,		As of September 30,	As of January 5,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Current assets				
Inventories	688,623	928,372	1,136,075	1,024,378
Trade and bills receivables	147,274	202,682	175,917	261,926
Debt investments at FVOCI	55,655	3,446	1,141	3,311
Contract assets	24,623	38,188	46,307	45,627
Prepayment, deposits and other receivables	100,253	124,520	138,333	117,975
Financial assets at FVTPL	30,822	40,231	10,000	–
Cash and cash equivalents	532,930	767,622	757,482	1,875,857
Restricted cash	150,758	183,987	223,581	184,367
Time deposits with original maturity of over three months and less than one year	163	5,535	–	33,618
Total current assets	**1,731,101**	**2,294,583**	**2,488,836**	**3,547,059**
Current liabilities				
Trade and bills payable	649,664	846,529	941,598	984,040
Contract liabilities	488,878	813,309	1,083,542	1,046,577
Other payables and accruals	162,513	224,505	209,412	274,545
Interest-bearing bank loans	10,466	91,779	97,970	55,475
Lease liability	30,050	28,464	26,565	22,808
Provisions	30,512	56,706	60,571	77,487
Tax payable	952	2,538	7,299	7,036
Redemption liabilities	2,885,689	3,511,775	3,961,398	5,073,689
Total current liabilities	**4,258,724**	**5,575,605**	**6,388,355**	**7,541,657**
Net current liabilities	**(2,527,623)**	**(3,281,022)**	**(3,899,519)**	**(3,994,598)**

Our net current liabilities increased from RMB3,899.5 million as of September 30, 2025 to RMB3,994.6 million as of January 5, 2026, primarily because the increase in total current liabilities exceeded the increase in total current assets. Total current liabilities increased from RMB6,388.4 million as of September 30, 2025 to RMB7,541.7 million as of January 5, 2026, mainly due to (i) an increase of RMB1,112.3 million in redemption liabilities, in relation to the financing completed in December 2025; and (ii) an increase of RMB65.1 million in other payables and accruals and an increase of RMB42.4 million in trade and bills payables, both of which were generally in line with our expanded project volume and overall business growth. Total current assets increased from RMB2,488.8 million as of September 30, 2025 to RMB3,547.1 million as of January 5, 2026, primarily due to an increase of RMB1,118.4 million in cash and cash equivalents, in relation to the proceeds received from the financing completed in December 2025.

Our net current liabilities increased from RMB3,281.0 million as of December 31, 2024 to RMB3,899.5 million as of September 30, 2025, primarily because the increase in total current liabilities exceeded the increase in total current assets. Total current liabilities increased from RMB5,575.6 million as of December 31, 2024 to RMB6,388.4 million as of September 30, 2025, mainly due to an increase of RMB270.2 million in contract liabilities and an increase of RMB95.1 million in trade and bills payables, both of which were generally in line with our expanded project volume and overall business growth. Total current assets increased from RMB2,294.6 million as of December 31, 2024 to RMB2,488.8 million as of September 30, 2025, primarily due to an increase in inventories of RMB207.7 million.

Our net current liabilities increased from RMB2,527.6 million as of December 31, 2023 to RMB3,281.0 million as of December 31, 2024, primarily because the growth in total current liabilities exceeded the increase in total current assets. Total current liabilities increased from RMB4,258.7 million as of December 31, 2023 to RMB5,575.6 million as of December 31, 2024, mainly due to an increase of RMB324.4 million in contract liabilities and an increase of RMB196.9 million in trade and bills payables, both of which were generally in line with our expanded project volume and overall business growth. Total current assets increased from RMB1,731.1 million as of December 31, 2023 to RMB2,294.6 million as of December 31, 2024, primarily due an increase in inventories of RMB239.8 million and an increase in cash and cash equivalents of RMB234.7 million.

Cash Flow Analysis

The following table presents our consolidated cash flow data for the periods indicated.

	Year ended December 31,		**Nine months ended September 30,**	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Net cash flows used in operating activities	(482,249)	(195,749)	(309,647)	(285,709)
Net cash flows generated from investing activities	740,075	16,341	49,646	14,626
Net cash flows generated from financing activities	(31,816)	421,434	249,826	244,214
Net increase/(decrease) in cash and cash equivalents	**226,010**	**242,026**	**(10,175)**	**(26,869)**
Cash and cash equivalents at the beginning of year/period	304,708	532,930	532,930	767,622
Effect of foreign exchange rate changes, net	2,212	(7,334)	(3,052)	16,729
Cash and cash equivalents at end of year/period	**532,930**	**767,622**	**519,703**	**757,482**

We assess our liquidity efficiency through cash conversion cycle, which we calculate as inventory turnover days plus trade and bills receivables turnover days minus the sum of trade and bills payables turnover days and contract liabilities turnover days. Our cash conversion cycle was negative 40 days, negative 85 days, and negative 103 days in 2023 and 2024 and for the nine months ended September 30, 2025, respectively. Our cash conversion cycle remained negative throughout the Track Record Period, driven primarily by rapid trade and bills receivables turnover, evidenced by our trade and bills receivables turnover days of 42 days, 47 days and 41 days in 2023, 2024 and for the nine months ended September 30, 2025, and strong customer prepayment patterns reflected in our contract liabilities, which together broadly offset our inventory requirements. This indicates that, on average, we are able to collect cash from customers before inventories are fully converted. Such cash efficiency reduces reliance on external financing, strengthens our liquidity profile and provides additional flexibility to support business expansion.

During the Track Record Period, we recorded net cash outflows from operating activities as we continued to invest in business expansion and incurred net losses. For each period, our net cash used in operating activities was substantially lower than our adjusted EBITDA (non-IFRS measure), primarily due to favorable working capital movements, including higher and faster customer prepayments as well as increased balances of trade and bills payables. These factors collectively indicate that our operations have generated cash more efficiently over time.

Additionally, since 2023, our working capital has remained negative, primarily because our trade and bills payables and contract liabilities have consistently exceeded our inventories and trade and bills receivables. In 2023 and 2024 and for the nine months ended September 30, 2025, our working capital, representing inventories plus trade and bills receivables minus trade and bills payables minus contract liabilities, amounted to negative RMB302.6 million, negative RMB528.8 million and negative RMB713.1 million, respectively. This working capital structure is primarily driven by our ability to secure customer advances prior to or at early stages of project execution, as well as favorable payment terms from suppliers, allowing us to finance a substantial portion of our operations through customer prepayments and supplier credit rather than through our own cash resources. As of September 30, 2025, our contract liabilities of RMB1,137.5 million exceeded our dispatched goods and contract costs of RMB1,041.6 million, indicating that such fulfillment costs can be funded by customer advances rather than our own working capital.

Net Cash Used in Operating Activities

For the nine months ended September 30, 2025, our net cash used in operating activities was RMB285.7 million, which was primarily attributable to loss before tax of RMB581.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) interest on redemption liabilities of RMB211.5 million, (ii) share-based payments of RMB84.1 million, (iii) foreign exchange gains of RMB63.8 million, (iv) depreciation of right-of-use assets of RMB23.3 million, and (v) depreciation of property, plant and equipment of RMB22.2 million. The amount was further adjusted by changes in working capital, primarily including an increase in contract liabilities of RMB144.1 million, partially offset by an increase in inventories of RMB180.4 million.

In 2024, our net cash used in operating activities was RMB195.7 million, which was primarily attributable to loss before tax of RMB1,252.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) interest on redemption liabilities of RMB239.7 million, (ii) share-based payments of RMB92.4 million, and (iii) foreign exchange losses of RMB42.4 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in contract liabilities of RMB381.1 million and (ii) an increase in trade and bills payables of RMB199.2 million, partially offset by an increase in inventories of RMB293.0 million.

In 2023, our net cash used in operating activities was RMB482.2 million, which was primarily attributable to loss before tax of RMB1,008.0 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) interest on redemption liabilities of RMB211.2 million, (ii) write-down of inventories to net realizable value of RMB73.7 million, and (iii) share-based payments of RMB72.4 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills payables of RMB360.9 million and (ii) an increase in contract liabilities of RMB278.9 million, partially offset by (i) an increase in inventories of RMB284.9 million, and (ii) an increase in trade and bills receivables of RMB120.9 million.

Net Cash Generated from Investing Activities

Throughout the Track Record Period, our investing-cash-flow movements mainly reflect the timing of purchases and redemptions of short-term wealth-management products.

For the nine months ended September 30, 2025, our net cash used in investing activities was RMB14.6 million, which was primarily attributable to (i) purchase of financial assets at fair value through profit or loss of RMB130.3 million, mainly in relation to our purchases of short-term wealth management products and (ii) purchases of items of property, plant and equipment of RMB18.8 million, which was partially offset by disposal of financial assets at fair value through profit or loss of RMB160.4 million, mainly in relation to our redemptions of short-term wealth management products.

In 2024, our net cash used in investing activities was RMB16.3 million. This was primarily attributable to (i) purchase of financial assets at fair value through profit or loss of RMB245.1 million, mainly in relation to our purchases of short-term wealth management products, and (ii) purchases of items of property, plant and equipment of RMB14.6 million, which was partially offset by disposal of financial assets at fair value through profit or loss of RMB236.7 million, mainly in relation to our redemptions of short-term wealth management products.

In 2023, our net cash generated from investing activities was RMB740.1 million. This was primarily attributable to disposal of financial assets at fair value through profit or loss of RMB1,134.9 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB566.8 million, mainly in relation to our purchases and redemptions of short-term wealth management products.

Net Cash Generated from or Used in Financing Activities

For the nine months ended September 30, 2025, our net cash generated from financing activities was RMB244.2 million, which was primarily attributable to (i) proceeds from issue of series shares of RMB266.4 million in relation to the equity financing completed in the first three quarters of 2025 and (ii) new bank and other borrowings of RMB109.2 million secured as working capital to meet our cash needs in daily operations. This was partially offset by repayment of bank loans of RMB100.7 million.

In 2024, our net cash generated from financing activities was RMB421.4 million, which was primarily attributable to (i) proceeds from issue of series shares of RMB352.8 million in relation to the equity financing completed in 2024 and (ii) new bank and other borrowings of RMB127.7 million secured as working capital to meet our cash needs in daily operations. This was partially offset by (i) lease payments of RMB32.9 million and (ii) repayment of bank loans of RMB27.2 million.

In 2023, our net cash used in financing activities was RMB31.8 million, which was primarily attributable to lease payments of RMB37.7 million and repayment of bank loans of RMB5.3 million, partially offset by new bank and other borrowings of RMB10.8 million.

Working Capital Sufficiency

Our Directors are of the view that, taking into account the financial resources available to our Group, including cash and cash equivalents, cash flows from operating and financing activities, and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to meet our present requirements for at least the next 12 months from the date of this Document.

INDEBTEDNESS

During the Track Record Period, our indebtedness included lease liabilities, interest-bearing bank loans, payable to a third party and redemption liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,		As of September 30,	As of January 5,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Current				
Lease liabilities	30,050	28,464	26,565	22,808
Interest-bearing bank loans	10,466	91,779	97,970	55,475
Payable to a third party	–	3,056	2,900	2,070
Redemption liabilities	2,885,689	3,511,775	3,961,398	5,073,689
Non-current				
Lease liabilities	82,823	68,069	57,343	51,550
Interest-bearing bank loans	–	19,186	21,440	32,645
Payable to a third party	–	1,225	–	–
Total	**3,009,028**	**3,723,554**	**4,167,616**	**5,238,237**

Lease Liabilities

During the Track Record Period, our lease liabilities primarily arose from leased properties for office premises, manufacturing facilities and warehouses. The following table sets forth a breakdown of our lease liabilities as of the dates indicated.

	As of December 31,		As of September 30,	As of January 5,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Current	30,050	28,464	26,565	22,808
Non-current	82,823	68,069	57,343	51,550
Total	**112,873**	**96,533**	**83,908**	**74,358**

Our lease liabilities decreased from RMB112.9 million as of December 31, 2023 to RMB96.5 million as of December 31, 2024 and subsequently decreased to RMB83.9 million as of September 30, 2025, primarily due to our lease payments and expiration of certain leases.

Interest-Bearing Bank Loans

During the Track Record Period, our interest-bearing bank loans primarily consisted of secured and unsecured bank loans. The following table sets forth a breakdown of our interest-bearing bank loans as of the dates indicated.

	As of December 31,		As of September 30,	As of January 5,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Current				
Bank loans – secured	9,009	47,118	31,096	26,000
Bank loans – unsecured	1,457	2,004	10,730	2,720
Current portion of long-term bank loans – secured	–	42,657	56,144	26,755
Subtotal	**10,466**	**91,779**	**97,970**	**55,475**
Non-current				
Bank loans – secured	–	19,186	21,440	32,645
Total	**10,466**	**110,965**	**119,410**	**88,120**

Our bank loans increased from RMB10.5 million as of December 31, 2023 to RMB111.0 million as of December 31, 2024, and further increased to RMB119.4 million as of September 30, 2025, reflecting the higher working capital requirements associated with our rapidly expanding business scale. As of January 5, 2026, being the date of our indebtedness statement, we had outstanding bank borrowings of RMB88.1 million. Our bank loans bore interest at rates ranging from 1.11% to 3.80% during the Track Record Period, consistent with the prevailing market financing costs for working capital facilities for the same period.

Except for our indebtedness as disclosed above as of December 31, 2023 and 2024, September 30, 2025 and January 5, 2026, we did not have any other 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 January 5, 2026, being our indebtedness statement date.

As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of January 5, 2026, being the date of our indebtedness statement, we had unutilized bank facilities of RMB1,720.9 million and US$26.7 million. Our directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Payable to a Third Party

Our payable to a third party related to a sale and repurchase arrangement with such third party in 2024 for certain inventories, in order to supplement our working capital. See Note 26 to the Accountants' Report included in Appendix I to this Document for details. We did not record any loan from a third party as of December 31, 2023. Our loan from a third party decreased from RMB4.3 million as of December 31, 2024 to RMB2.9 million as of September 30, 2025, primarily due to the partial repayment of the loan. As of January 5, 2026, being the date of our indebtedness statement, we had loan from a third party of RMB2.1 million.

Redemption Liabilities

Our redemption liabilities mainly related to the redemption rights granted to certain pre-[**REDACTED**] investors in several series of equity financings. Our redemption liabilities were RMB2,885.7 million, RMB3,511.8 million and RMB3,961.4 million as of December 31, 2023 and 2024 and September 30, 2025. See Note 31 to the Accountants' Report included in Appendix I to this Document for further details.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily related to the acquisition of property, plant and equipment and intangible assets used in our R&D, production and office operations. These assets mainly included electronic equipment, machinery and other supporting devices, leasehold improvements required for our leased R&D, manufacturing and office premises, as well as transportation equipment and construction-in-progress associated with equipment and facilities that had not yet reached their intended operating condition. Construction-in-progress primarily comprised equipment and facility items under installation or commissioning phases.

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Property, plant and equipment	26,529	14,588	9,235	18,833
Intangible assets	7,524	3,779	1,364	3,127
Total	**34,053**	**18,367**	**10,599**	**21,960**

Historically, we funded our capital expenditures primarily through cash generated from our operations and bank borrowings obtained to support our working-capital and business expansion needs. We expect to continue making capital expenditures to meet the anticipated growth of our business. We plan to fund our future capital expenditures with a combination of financial resources, including our existing cash balance, cash generated from operating activities, the net [**REDACTED**] from the [**REDACTED**] and, where appropriate, potential future equity or debt financing. Looking ahead, we expect capital expenditures to support the expansion of our R&D, production and global operations, including potential additions of equipment and facilities associated with our planned non-domestic manufacturing capacity. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for further details. We may adjust our capital expenditure plans based on our evolving business needs.

CAPITAL COMMITMENTS

As of December 31, 2023 and 2024 and September 30, 2025, we had capital commitments of RMB0.6 million, RMB321.6 million and RMB263.1 million, respectively. These capital commitments reflect our planned investments in certain manufacturing facilities. As of December 31, 2024, we had contracted, but not provided for, purchase of items of property, plant and equipment of RMB315.8 million and purchase of items of land use rights of RMB5.8 million.

CONTINGENT LIABILITIES

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

We entered into transactions with our related parties from time to time. See Note 38 to the Accountants' Report set out in Appendix I to this Document for details of our related party transactions during the Track Record Period.

Our directors confirm that each of the significant related party transactions during the Track Record Period was conducted on an arm's length basis and with normal commercial terms between the relevant parties, and would not distort our results of operations over the Track Record Period or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

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

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios as of the dates or for the periods indicated.

	Year ended/As of December 31,		Nine months ended/ As of September 30,	
	2023	2024	2024	2025
Gross profit margin[1]	16.0%	26.3%	24.6%	28.9%
Gross profit margin for non-domestic markets	45.7%	41.4%	39.0%	43.9%
Revenue growth rate for non-domestic markets	N/A	165.7%	N/A	57.1%
Adjusted EBITDA margin (non-IFRS measure)[2]	(77.3%)	(35.6%)	(39.5%)	(20.5%)
Cash conversion cycle[3] (days)	(40)	(85)	(58)	(103)

Notes:

(1) Equals gross profit for a given period divided by revenue for the same period and multiplied by 100%.

(2) Equals adjusted EBITDA (non-IFRS measure) for a given period divided by revenue for the same period and multiplied by 100%. See "— Description of Selected Items of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures."

(3) The cash conversion cycle is a metric that measures the time between cash payments for inventory procurement and the collection of cash from customers, and is calculated as inventory turnover days plus trade and bills receivables turnover days minus the sum of trade and bills payables turnover days and contract liabilities turnover days. A negative cash conversion cycle is generally considered a positive indicator, as it suggests that a company is able to convert its investments in inventory into cash efficiently, often reflecting strong operational execution and financial discipline. See "— Liquidity and Capital Resources — Cash Flow Analysis."

FINANCIAL RISK DISCLOSURE

The main risks we are subject to include foreign currency risk, credit risk and liquidity risk. See Note 41 to the Accountants' Report set out in Appendix I to this Document for details of our exposure to financial risk.

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations.

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

DIVIDENDS

We did not declare or pay any dividends during the Track Record Period and up to the Latest Practicable Date. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future.

We do not maintain a formal dividend policy or have a fixed dividend distribution ratio. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board. As advised by our PRC Legal Adviser, PRC laws require that dividends be paid only out of distributable profits. Distributable profits are after-tax profits, after making up for historically accumulated losses (if any) and less appropriations to statutory and other reserves that a PRC company is required to make in accordance with the PRC laws. PRC laws require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, until the agreed amount of such funds reaches 50% of their registered capital, which are not available for distribution as cash dividends. After the company makes the allocation to the statutory reserve funds from its after-tax profits, it may also make an allocation to its discretionary reserve funds from its after-tax profits upon a resolution approved at the shareholders' meeting.

DISTRIBUTABLE RESERVES

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any distributable reserves.

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] are comprised of (i) [**REDACTED**] expenses of HK$[**REDACTED**], and (ii) [**REDACTED**] expenses of HK$[**REDACTED**], including (a) fees and expenses of our legal advisors and reporting accountants of HK$[**REDACTED**], and (b) other fees and expenses of HK$[**REDACTED**]. During the Track Record Period, we did not incur [**REDACTED**]. We expect to incur [**REDACTED**] of approximately HK$[**REDACTED**] after the Track Record Period, approximately HK$[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] of which is attributable to the [**REDACTED**] of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our directors confirm that, up to the date of this Document, there has been no material adverse change in our financial or trading position, level of indebtedness, mortgages, contingent liabilities, guarantees or prospects since September 30, 2025, being the end of the period reported on in the Accountants' Report set out in Appendix I to this Document. The directors further confirm that no event has occurred since September 30, 2025, which would materially affect the information contained in the Accountants' Report.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our directors confirm that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.