You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountant's Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountant's Report and not merely rely on the information contained in this section. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties, over which we do not have control. In evaluating our business, you should carefully consider all of the information, including, but not limited to, that set forth under "Risk Factors," "Forward-Looking Statements" and provided elsewhere in this Document For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a world leading AI company redefining how industrial automation operates in the AI era. We are the largest industrial AI agent provider in China in terms of revenue in 2025 and also the first to achieve large-scale, cross-region, and multi-scenario deployment of industrial AI agents, according to CIC. We sell industrial AI agents to industrial customers, addressing the complexity of modern industrial production and empowering machines, production lines and entire factories to think, see, act and continuously improve autonomously. Our industrial AI agents include robots, edge AI sensors and agentic software systems.

Our robots, which are purpose-built for inspection and operating, leverage multi-degree-of-freedom platforms and our IndustryGPT to modularize and centrally orchestrate complex workflows, enabling highly adaptable, efficient and scalable industrial production. Our edge AI sensors deliver real-time processing and high-precision perception while maintaining consistent performance under demanding industrial conditions. Our agentic software systems, including ViMo and our industrial AI digitalization solutions, features a first-of-its-kind cloud-edge integrated architecture purpose-built for deploying foundation models in industrial settings.

Our operating performance during the Track Record Period was reflected in continued revenue growth and improving profitability. Our total revenue increased from RMB484.9 million in 2023 to RMB755.8 million in 2024 and further to RMB1,086.3 million in 2025, representing year-over-year growth of 55.9% and 43.7%, respectively. Our gross profit increased from RMB148.1 million in 2023 to RMB244.3 million in 2024 and further to RMB405.2 million in 2025, representing year-over-year growth of 65.0% and 65.8%, respectively. Our overall gross profit margin improved from 30.5% in 2023 to 32.3% in 2024 and 37.3% in 2025.

BASIS OF PREPARATION

Our historical financial information during the Track Record Period has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board("**IASB**"). For details of the basis of preparation, see Note 2 to the Accountant's Report included in Appendix I to this Document.

The preparation of our historical financial information during the Track Record Period in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical financial information during the Track Record Period are disclosed in Note 4 to the Accountant's Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

Global Industrial AI Agent Market Growth Opportunities and Policy Support

We operate at the forefront of a major shift in global manufacturing, as artificial intelligence moves beyond traditional automation toward autonomous industrial AI agents that can perceive, reason and execute across production environments. This paradigm shift is occurring alongside broader macroeconomic changes, including global supply chain reconfiguration, regionalization of manufacturing footprints and increasing demand for operational resilience and productivity amid rising labor costs and trade volatility, which collectively are accelerating adoption of intelligent, software-defined production infrastructure. The market size of global industrial AI agent industry expanded from RMB14.6 billion in 2023 to RMB36.7 billion in 2025, reflecting a CAGR of 58.6% during this period, and is projected to reach RMB162.0 billion by 2030, representing a CAGR of 34.6% from 2025 to 2030 with China expected to experience particularly rapid adoption. This growth is further supported by sustained policy initiatives, including China's 15th Five-Year Plan, which identifies intelligent manufacturing as a national strategic priority, and the State Council's "AI+ Manufacturing" action plan, which promotes accelerated deployment of AI technologies across industrial workflows. These industry and policy dynamics provide strong structural tailwinds and long-term visibility for demand for industrial AI agents and AI infrastructure initiatives.

Our Ability to Continuously Invest in R&D to Drive Technological Innovation, Revenue Growth and Profitability

Our ability to continuously invest in research and development is critical to strengthening our technological leadership, driving revenue growth and improving profitability. We have established a differentiated technology moat through continuous iteration of our proprietary IndustryGPT, which has undergone multiple generations of advancement and domain-specific optimization across diverse manufacturing scenarios, as well as our vertically integrated full-stack engineering capabilities spanning IndustryGPT, software, hardware, and edge computing, enabling end-to-end system optimization and deployment in complex industrial environments. This technology leadership enhances the versatility, dexterity, predictability and fundamentality of our industrial AI agents and supports sustainable commercial expansion. We have maintained significant investment in technology innovation, with R&D expenses of RMB394.1 million in 2025. Our R&D expenses increased in absolute terms throughout the Track Record Period. However, R&D expenditure as a percentage of revenue decreased from 58.4% in 2023 to 36.3% in 2025, reflecting enhanced efficiency in resource utilization. Our sustained R&D investment has enabled us to continuously launch advanced and differentiated products, strengthening our technological leadership and elevating barriers to entry. Through continuous innovation, we have expanded into new application scenarios and industry sectors, enhancing our product competitiveness and broadening our addressable market. As a result, revenue from our industrial AI agents grew at a CAGR of 67.8% from 2023 to 2025, increasing as a proportion of total revenue from 62.4% in 2023 to 78.5% in 2025. Meanwhile, our gross margin improved from 30.5% in 2023 to 37.3% in 2025, reflecting enhanced product differentiation, improved operating leverage and greater capital efficiency as our technologies achieved larger-scale commercialization.

Our Ability to Expand Product Matrix and Advance Productization

Our ability to expand our product matrix and drive standardization is critical to driving scalable growth and improving operational efficiency. We have expanded our industrial AI agent product portfolio to address a broader range of manufacturing verticals and application scenarios, enabling us to capture new customer demand and increase market penetration across diverse industrial environments. At the same time, we have enhanced our productization capabilities through systematic standardization of product architecture, optimization of product design and bill of materials, and improved manufacturing and supply chain processes. These efforts enable us to achieve economies of scale in procurement and production while maintaining performance and adaptability across deployment scenarios. As a result, we have improved commercialization efficiency and operational scalability through upgradable, reusable products that can be flexibly configured to support multiple operational strategies and deployment requirements. These products perform reliably across diverse application scenarios and industry sectors without fundamental redesign, demonstrating strong universality and adaptability that has enabled broad-based commercial deployment underpinning our ability to scale revenue growth with improved margin sustainability and more efficient resource utilization. The commercial traction of our expanded and standardized product portfolio is evidenced by the scale of adoption. We have cumulatively delivered around 140,000 industrial AI agents as of December 31, 2025.

Our Ability to Deepen Relationships with Key Customers and Grow Our Customer Base

Our ability to deepen relationships with key customers, grow customer bases and expand into global markets is critical to driving sustainable revenue growth and enhancing revenue visibility. We have established long-term partnerships with leading industrial customers in China, where our proven performance track record has built strong customer trust. Our initial deployments have frequently expanded into multi-facility implementations, additional production lines, departments and adjacent application scenarios. As our solutions deliver notable operational improvements, customers increasingly adopt additional modules and extend deployments across production environments, driving higher wallet share, recurring demand and stronger customer stickiness. After validating our products with key accounts, we replicate successful use cases across other customers within the same industry and extend into adjacent industries and application scenarios, supported by our standardized technology platform and universal product architecture. This "land-and-expand" model has enabled us to transition from flagship deployments to broader adoption among top-tier and mid-tier customers, demonstrating the scalability and transferability of our solutions. As a result, the number of customers for our industrial AI agents grew from 188 in 2023 to 297 in 2024 and further to 462 in 2025, reflecting accelerating market adoption and the scalability of our solutions across industries. This growth spans both domestic and international markets. Leveraging our established presence in China, we support deployments across Greater China, Southeast Asia, Japan and Korea, and continue to strengthen our overseas sales and support capabilities to expand our international footprint. As our solutions become integrated with customers' production and operational workflows, they increasingly serve mission-critical functions, supporting high customer retention and recurring revenue generation. We believe our ability to deepen engagement with existing customers while expanding across industries and geographies will continue to enhance revenue visibility, improve operating leverage and support long-term sustainable growth.

Our Ability to Optimize Cost Structure, Improve Operational Efficiency and Address General Factors

Our ability to optimize our cost structure and improve operational efficiency is critical to enhancing our profitability and supporting scalable growth. Our sustained technological investment has enabled us to build proprietary R&D toolchains and a standardized technology platform integrating algorithms, software and full-stack hardware design. This integrated architecture allows us to rapidly extend new products across additional industries and application scenarios with limited incremental customization. Our AI-native operating model further enhances execution efficiency across R&D, procurement and fulfillment workflows, reinforcing our ability to scale while maintaining cost discipline. Our standardized product and fulfillment toolchains enable procurement optimization, manufacturing consistency and efficient supplier coordination. As a result, we benefit from economies of scale, lower marginal fulfillment costs and reduced per-unit production costs as delivery volumes increase. We have implemented initiatives to optimize sourcing, refine product design and component selection, enhance manufacturing efficiency and strengthen supplier coordination, enabling us to achieve economies of scale and improve cost efficiency as our business expands. Our overall gross profit margin steadily increased from 30.5% in 2023 to 32.3% in 2024 and further to 37.3% in 2025. In addition, we have benefited from operating leverage as we scale, with selling and marketing expenses, general and administrative expenses and R&D expenses as a percentage of revenue generally decreasing during the Track Record Period without considering the impact from the share-based payment expenses, reflecting improved operational efficiency and disciplined expense management. Our total operating expenses, being the sum of research and development expenses, selling and marketing expenses and general and administrative expenses, as a percentage of revenue decreased from 116.8% in 2023 to 87.8% in 2024, and increased to 107.7% in 2025. The increase in 2025 was primarily attributable to higher general and administrative expenses, mainly driven by share-based payment expenses. Adjusted total operating expenses (non-IFRS measure), defined as research and development expenses, selling and marketing expenses and general and administrative expenses excluding share-based payment expenses in each case, as a percentage of revenue, improved steadily from 113.6% in 2023 to 83.4% in 2024 and further to 63.9% in 2025. We expect continued scale expansion, operational optimization and disciplined cost management to further enhance our margin profile and support our path toward sustainable profitability.

Our sales pattern exhibits clear seasonality, with revenue typically peaking in the latter half of each year, and therefore our third and fourth quarter revenue generally exceeds that of other quarters. We prepare for these seasonal fluctuations by adjusting inventory levels and working capital. Effective planning to address seasonality helps us manage cash flow, reduce stockout risks and maintain a consistent customer experience throughout the year.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

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

Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 4 to the Accountant's Report included in Appendix I to this Document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Revenue	484,899	100.0	755,786	100.0	1,086,268	100.0
Cost of sales	(336,822)	(69.5)	(511,458)	(67.7)	(681,107)	(62.7)
Gross profit	**148,077**	**30.5**	**244,328**	**32.3**	**405,161**	**37.3**
Research and development expenses	(283,377)	(58.4)	(388,170)	(51.4)	(394,069)	(36.3)
Selling and marketing expenses	(151,201)	(31.2)	(140,705)	(18.6)	(174,682)	(16.1)
General and administrative expenses	(131,970)	(27.2)	(134,507)	(17.8)	(600,170)	(55.3)
Net impairment losses on financial assets and contract assets	(30,609)	(6.3)	(20,842)	(2.7)	(41,950)	(3.9)
Other income	22,400	4.6	15,061	2.0	33,202	3.2
Other (losses)/gains, net	(1,129)	(0.2)	(792)	(0.1)	3,437	0.3
Operating loss	**(427,809)**	**(88.2)**	**(425,627)**	**(56.3)**	**(769,071)**	**(70.8)**
Finance income	23,846	4.9	27,781	3.7	28,653	2.6
Finance costs	(4,502)	(0.9)	(13,683)	(1.8)	(11,416)	(1.0)
Finance income, net	**19,344**	**4.0**	**14,098**	**1.9**	**17,237**	**1.6**
Share of net (losses)/profits of investments accounted for using the equity method	(318)	(0.1)	(123)	(0.0)	474	0.0
Fair value changes of preferred shares and other financial liabilities	(136,486)	(28.1)	(323,265)	(42.8)	(238,648)	(22.0)
Loss before income tax	**(545,269)**	**(112.4)**	**(734,917)**	**(97.2)**	**(990,008)**	**(91.2)**
Income tax expenses	(735)	(0.2)	(229)	(0.1)	(1,132)	(0.0)
Loss for the year	**(546,004)**	**(112.6)**	**(735,146)**	**(97.3)**	**(991,140)**	**(91.2)**

Non-IFRS Financial Measure

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

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

Adjusted net loss (non-IFRS measure) represents net loss excluding (i) fair value changes of preferred shares and other financial liabilities, which are non cash in nature and non-recurring after **[REDACTED]**, (ii) share-based payment expenses, which is non cash in nature, and (iii) **[REDACTED]** expense, which is non-recurring after **[REDACTED]**. The table below sets forth a reconciliation of our net loss to adjusted net loss (non-IFRS measure) for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Net loss	**(546,004)**	**(735,146)**	**(991,140)**
Add:			
Fair value changes of preferred shares and other financial liabilities measured at FVTPL	136,486	323,265	238,648
Share-based payment expenses	15,661	33,272	475,164
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure)	**(393,857)**	**(378,609)**	**(272,033)**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue from sales of (i) industrial AI agents including robots, edge AI sensors, and agentic software systems, (ii) AI infrastructure initiatives, and (iii) others.

Revenue by Product Line

The following table sets forth the breakdown of our revenue by product line in absolute amounts and as a percentage of our total revenue, for the years indicated. For a detailed discussion of the fluctuations of our revenue during the Track Record Period, see "— Year-to-Year Comparison of Results of Operations".

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Industrial AI agents	**302,731**	**62.4**	**557,855**	**73.8**	**852,746**	**78.5**
Robots	140,607	29.0	294,159	38.9	435,576	40.1
Edge AI sensors	13,379	2.7	31,021	4.1	74,883	6.9
Agentic software systems	148,745	30.7	232,675	30.8	342,287	31.5
AI infrastructure initiatives	**137,479**	**28.4**	**191,321**	**25.3**	**218,621**	**20.1**
Others	**44,689**	**9.2**	**6,610**	**0.9**	**14,901**	**1.4**
Total	**484,899**	**100.0**	**755,786**	**100.0**	**1,086,268**	**100.0**

During the Track Record Period, each of our business lines recorded substantial growth in absolute terms.

Industrial AI Agents

- Our robots include smart inspection robots for precision analysis and smart operating robots for high-dexterity operations. We have focused on specific industry verticals, with growing penetration into sectors such as consumer electronics, new energy batteries and precision manufacturing.

- Our edge AI sensor business comprises smart vision sensors and smart ID readers that enhance perception and reasoning capabilities, with growth driven by broader application coverage and an expanding customer base.

- Our agentic software systems include industrial vision AI agent software: Vimo and industrial AI digitalization solutions. Vimo and digitalization software serve as critical infrastructure and provide intelligent support in the production and operations of industrial customers.

AI infrastructure initiatives, centered around the LrMo platform, provides a foundational environment for the development and deployment of large-scale industrial models.

Revenue from others represents sales of our non-industrial products and accounted for insignificant amount of our total revenue.

Our revenue increased by 55.9% from RMB484.9 million in 2023 to RMB755.8 million in 2024, and further increased by 43.7% to RMB1,086.3 million in 2025, primarily driven by our increased customer base. This rapid expansion was further driven by:

i. *Expansion of the global industrial AI agent market*. We are benefiting from the growing adoption of autonomous industrial AI agents, supported by global supply chain reconfiguration and rising labor costs. As AI technologies become more widely adopted and policies continue to promote intelligent manufacturing, the global market reached RMB510.9 billion in 2025, representing a CAGR of 58.6% from 2023 to 2025, which provides a strong tailwind for our growth.

ii. *Expansion of our product matrix and productization*. We drive scalable growth by continuously expanding our product matrix and advancing productization. Through standardized architectures and optimized designs, we have improved the universality of our solutions across multiple industry verticals. This approach enables us to achieve economies of scale and improve commercialization efficiency through reusable and highly adaptable products that require minimal redesign for new use cases.

iii. *Execution of a "land-and-expand" strategy*. We adopt a proven "land-and-expand" approach, under which initial deployments evolve into multi-facility implementations. This strategy supports strong customer stickiness, increases wallet share and enhances long-term revenue visibility.

KEY OPERATING METRICS

The following table sets forth certain key operating metrics for the years indicated.

	Years Ended December 31,		
	2023	2024	2025
Number of customers			
Robots	77	112	120
Edge AI sensors	65	129	251
Agentic software systems	62	77	122
Average revenue per customers *(RMB in thousands)*			
Robots	1,826	2,626	3,630
Edge AI sensors	206	240	298
Agentic software systems	2,399	3,022	2,806

Cost of Sales

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Material costs	303,232	62.5	450,559	59.6	597,980	55.0
Fulfillment costs	14,978	3.1	26,540	3.5	55,071	5.1
Manufacturing costs	12,755	2.6	20,597	2.7	12,699	1.2
Others	5,857	1.3	13,762	1.9	15,357	1.4
Total	**336,822**	**69.5**	**511,458**	**67.7**	**681,107**	**62.7**

Gross Profit and Gross Profit Margin

Gross profit is calculated as total revenue minus cost of sales. Gross profit margin for respective product line represents our gross profit of such product line as a percentage of our revenue of such product line. The following table sets forth the breakdown of our gross profit and gross profit margin by product line for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Industrial AI agents	**94,861**	**31.3**	**183,026**	**32.8**	**337,569**	**39.6**
Robots	32,200	22.9	58,902	20.0	128,023	29.4
Edge AI sensors	4,878	36.5	9,407	30.3	28,002	37.4
Agentic software systems	57,783	38.8	114,717	49.3	181,544	53.0
AI infrastructure initiatives	**40,154**	**29.2**	**61,150**	**32.0**	**66,742**	**30.5**
Others	**13,062**	**29.2**	**152**	**2.3**	**850**	**5.7**
Total	**148,077**	**30.5**	**244,328**	**32.3**	**405,161**	**37.3**

Our overall gross profit margin increased steadily throughout the Track Record Period. We recorded gross profits of RMB148.1 million, RMB244.3 million and RMB405.2 million in 2023, 2024 and 2025, respectively. Our overall gross profit margins were 30.5%, 32.3% and 37.3% in 2023, 2024 and 2025, respectively. The improvement in gross profit margin during the Track Record Period was primarily attributable to the following factors:

i. *Optimization of product portfolio*. We strategically diversified our product offerings to capture higher-margin opportunities. The expansion of our product matrix improved our overall profitability.

ii. *Standardization of products*. We continued to refine our product design and increase the level of standardization across our hardware and software architectures. These efforts enabled us to reduce material, manufacturing and fulfillment costs as well as lower the operational complexities associated with customized production.

iii. *Economies of scale and supply chain synergies*. Our growing procurement volume strengthened our bargaining power with upstream suppliers, enabling us to obtain more favorable commercial terms and improve efficiency across our supply chain, which contributed to a sustainable reduction in our cost of sales.

Total Operating Expenses

Total operating expenses is defined as research and development expenses, selling and marketing expenses and general and administrative expenses. The following table sets forth the breakdown of our total operating expenses, in absolute amounts and as a percentage of our total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Research and development expenses	283,377	58.4	388,170	51.4	394,069	36.3
Selling and marketing expenses	151,201	31.2	140,705	18.6	174,682	16.1
General and administrative expenses	131,970	27.2	134,507	17.8	600,170	55.3
Total operating expenses	**566,548**	**116.8**	**663,382**	**87.8**	**1,168,921**	**107.7**
Subtract:						
Share-based payment expenses	15,661	3.2	33,272	4.4	475,164	43.8
Adjusted total operating expenses (non-IFRS measure)	**550,887**	**113.6**	**630,110**	**83.4**	**693,757**	**63.9**

Research and Development Expenses

The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as a percentage of our total revenue, for the years indicated. In 2023, 2024 and 2025, our research and development expenses amounted to RMB283.4 million, RMB388.2 million and RMB394.1 million, respectively, representing 58.4%, 51.4% and 36.3% of our total revenue during the same periods.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Personnel expenses	170,914	35.2	129,737	17.2	121,579	11.2
Depreciation and amortization	27,643	5.7	25,793	3.4	18,091	1.7
Technical service expenses	38,951	8.0	142,550	18.9	152,648	14.1
Computing service expenses	23,001	4.7	59,168	7.8	78,149	7.2
Others	19,917	4.2	25,639	3.4	15,957	1.4
Share-based payment expenses	2,951	0.6	5,283	0.7	7,645	0.7
Total	**283,377**	**58.4**	**388,170**	**51.4**	**394,069**	**36.3**

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as a percentage of our total revenue, for the years indicated. In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB151.2 million, RMB140.7 million and RMB174.7 million, respectively, representing 31.2%, 18.6% and 16.1% of our total revenue during the same periods.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Personnel expenses	94,212	19.4	80,454	10.6	72,028	6.6
Professional service expenses	21,965	4.5	13,780	1.8	37,248	3.4
Marketing expenses	15,985	3.3	23,579	3.1	39,984	3.7
Depreciation and amortization	10,237	2.1	10,202	1.3	13,661	1.3
Others	5,168	1.2	5,447	0.8	4,612	0.4
Share-based payment expenses	3,634	0.7	7,243	1.0	7,149	0.7
Total	**151,201**	**31.2**	**140,705**	**18.6**	**174,682**	**16.1**

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses, in absolute amounts and as a percentage of our total revenue, for the years indicated. In 2023, 2024 and 2025, our general and administrative expenses amounted to RMB132.0 million, RMB134.5 million and RMB600.2 million, respectively, representing 27.2%, 17.8% and 55.3% of our total revenue during the same periods. Without considering share-based payment expenses, our general and administrative expenses as a percentage of our revenue would represent 25.3%, 15.1% and 12.9%, in 2023, 2024 and 2025, respectively.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Personnel expenses	67,808	14.0	65,191	8.6	79,923	7.4
Professional service expenses	21,694	4.5	24,840	3.3	35,582	3.3
Depreciation and amortization	18,630	3.8	12,320	1.6	11,016	1.0
Others[1]	14,762	3.0	11,410	1.6	13,279	1.2
Share-based payment expenses	9,076	1.9	20,746	2.7	460,370	42.4
Total	**131,970**	**27.2**	**134,507**	**17.8**	**600,170**	**55.3**

Notes:

1. Others primarily represent utilities expenses, office supplies, travel and hospitality expenses, and other miscellaneous expenses.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets represent the expected credit losses on our trade and notes receivables and other receivables. During the Track Record Period, loss allowance on trade and notes receivables represented a majority of our net impairment losses on financial assets and contract assets. In 2023, 2024, and 2025, loss allowance amounted to RMB30.6 million, RMB20.8 million, and RMB42.0 million, respectively.

Other Income

During the Track Record Period, government grants represented a majority of our other income. There are no unfulfilled conditions or contingencies relating to these government grants. In 2023, 2024, and 2025, government grants amounted RMB21.0 million, RMB13.9 million, and RMB31.4 million, respectively, accounting for 93.8%, 92.0%, and 94.5% of our total other income during the same period.

Other (Losses)/Gains, Net

Other (losses)/gains, net consists of (i) fair value changes of financial assets at FVPL, (ii) net (loss)/gain on termination of lease, (iii) gains on disposal of a subsidiary, (iv) net foreign exchange (losses)/gains, (v) donations and (iv) others. In 2023 and 2024, our net other losses was RMB1.1 million and RMB0.8 million, respectively. In 2025, our other net gains was RMB3.4 million. For detailed breakdown of our other (losses)/gains, net, please see Note 8 of the Accountant's Report in Appendix I to this Document.

Finance Income

Our finance income mainly consists of interest income from bank deposits and wealth management products. In 2023, 2024, and 2025, our finance income was RMB23.8 million, RMB27.8 million, and RMB28.7 million, respectively.

Finance Costs

The following table sets forth the breakdown of our finance costs for the years indicated. We recorded finance costs of RMB4.5 million, RMB13.7 million, and RMB11.4 million in 2023, 2024, and 2025, respectively.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB	**RMB** (in thousands)	**RMB**
Interest expenses on borrowings	1,841	3,592	9,973
Finance charges paid for issuance of preferred shares	—	7,922	—
Interest expenses on lease liabilities	2,120	1,576	1,088
Others	541	593	355
Total	**4,502**	**13,683**	**11,416**

Share of Net (losses)/Profits of Investments Accounted for Using the Equity Method

Our share of net (losses)/profits of investments accounted for using the equity method relates to our equity investment to our investees. For details, see Note 13 to the Accountant's Report included in Appendix I to this Document. Our share of net (losses)/profits of investment accounted for using the equity method was RMB0.3 million and RMB0.1 million in 2023 and 2024, respectively, and we recorded a gain of investment accounted for using the equity method of RMB0.5 million in 2025, respectively. The movement of share of loss of investments accounted for using the equity method during the Track Record Period was primarily attributed to the business performance and financial results of the investees.

Fair Value Changes of Preferred Shares and Other Financial Liabilities

Fair value changes of preferred shares and other financial liabilities were negative RMB136.5 million, negative RMB323.3 million, and negative RMB238.6 million in 2023, 2024, and 2025, respectively, mainly due to the increase in the fair value of our Company during the Track Record Period, driven by the improvements in operating performance and market conditions.

Income Tax Expenses

We recorded income tax expenses of RMB0.7 million, RMB0.2 million and RMB1.1 million in 2023, 2024 and 2025, respectively.

Three of our PRC subsidiaries, including Beijing SmartMore, Shenzhen SmartMore and Shanghai SmartMore, qualify as High and New Technology Enterprises ("**HNTEs**") and enjoy a preferential enterprise income tax rate of 15%. The HNTE preferential tax status for Beijing SmartMore and Shanghai SmartMore remains valid until December 2028, and the HNTE preferential tax status for Shenzhen SmartMore remains valid until December 2027. 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 8.25% to 16.5%. For details, see Note 14 to the Accountant's Report included in Appendix I to this Document.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 43.7% from RMB755.8 million in 2024 to RMB1,086.3 million in 2025, primarily attributable to (i) the increase in revenue of robots by 48.1% from RMB294.2 million in 2024 to RMB435.6 million in 2025, (ii) the increase in revenue of edge AI sensors by 141.4% from RMB31.0 million in 2024 to RMB74.9 million in 2025, and (iii) the increase in revenue of agentic software systems by 47.1% from RMB232.7 million in 2024 to RMB342.3 million in 2025.

The growth in 2025 was mainly attributable to the continued expansion of our customer base across product lines, as well as higher average revenue per customer for most product lines, except for agentic software systems. The expansion of our customer base reflected our efforts to penetrate a broader range of industry verticals and geographic markets, supported by the strengthened execution of our sales team. The decrease in average revenue per customer for agentic software systems was primarily due to the increase in the number of customers, with a relatively smaller proportion of large-scale projects recognized during the period. In addition, recurring purchases from certain large key customers further supported revenue growth during the period.

For details of the change in the number of customer and average revenue per customer for each product line of our industrial AI agents during the Track Record Period, please see "— Key Operating Metrics."

Cost of Sales

Our cost of sales increased by 33.2% from RMB511.5 million in 2024 to RMB681.1 million in 2025, primarily due to the growth in our sales volume and business expansion, which resulted in higher procurement, production and fulfillment costs. Our cost of sales as a percentage of revenue decreased from 67.7% in 2024 to 62.7% in 2025, as the increase in cost of sales was lower than the growth in revenue, reflecting the benefits of revenue scaling and improved operating leverage.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 65.8% from RMB244.3 million in 2024 to RMB405.2 million in 2025. Our overall gross profit margin increased from 32.3% in 2024 to 37.3% in 2025, primarily attributable to the following reasons:

- The gross profit margin of our robots increased from 20.0% in 2024 to 29.4% in 2025, primarily attributable to the optimization of our product portfolio, the improvement of supply chain capability, product standardization and economies of scale.

- The gross profit margin of our edge AI sensors increased from 30.3% in 2024 to 37.4% in 2025, primarily attributable to the expansion of our product portfolio, increased sales to higher-value customers across different industries, improved supply chain management as well as economies of scale.

- The gross profit margin of our agentic software systems increased from 49.3% in 2024 to 53.0% in 2025, primarily attributable to our continued expansion into higher-value customers and sectors, which generated stronger profitability.

- The gross profit margin of our AI infrastructure initiatives decreased from 32.0% in 2024 to 30.5% in 2025, primarily attributable to variations in project execution and project mix during the year.

Research and Development Expenses

Our research and development expenses increased by 1.5% from RMB388.2 million in 2024 to RMB394.1 million in 2025. Such increase was mainly attributable to (i) the increase in computer service expense from RMB59.2 million in 2024 to RMB78.1 million in 2025, driven by greater demand for computing power in line with our business growth and (ii) the increase in technical service expenses from RMB142.6 million to RMB152.6 million, as we outsourced certain less complex R&D projects to external technical support teams, partially offset by the decrease in R&D personnel expenses from RMB129.7 million in 2024 to RMB121.6 million in 2025. As a percentage of revenue, our research and development expenses decreased from 51.4% in 2024 to 36.3% in 2025, reflecting established technology platform, improved operating leverage and greater efficiency in our research and development activities as revenue scaled.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 24.1% from RMB140.7 million in 2024 to RMB174.7 million in 2025, primarily attributable to an increase in (i) marketing expenses from RMB23.6 million in 2024 to RMB40.0 million in 2025, primarily due to our increased marketing efforts and (ii) professional service expenses increased from RMB13.8 million in 2024 to RMB37.2 million in 2025, primarily due to pre-sale validation services conducted to verify the proof-of-concept of our products for our customers, which is consistent with our growth of revenue. Our selling and marketing expenses as a percentage of revenue decreased from 18.6% in 2024 to 16.1% in 2025, reflecting improved operating leverage and greater efficiency of our selling and marketing activities as revenue scaled.

General and Administrative Expenses

Our general and administrative expenses increased by 346.2% from RMB134.5 million in 2024 to RMB600.2 million in 2025, primarily attributable to the increase in share-based payment expenses, mainly due to the accelerated vesting of equity awards in 2025. Without taking into account of share-based payment expenses, our administrative expense amounted to RMB113.8 million in 2024 and RMB139.8 million in 2025. Such expense as a percentage of revenue decreased from 15.1% in 2024 to 12.9% in 2025.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets increased from RMB20.8 million in 2024 to RMB42.0 million in 2025**,** primarily due to the increase of our trade and notes receivables in line with our business expansion**.** Further information about the movement of our trade and notes receivable during the Track Record Period is set forth in "— Discussion of Certain Key Items From Our Consolidated Statements of Financial Position – Trade and Notes Receivable."

Other Income

Our other income increased from RMB15.1 million in 2024 to RMB33.2 million in 2025, primarily due to the increase of government grants.

Other (Losses)/Gains, Net

We recorded net other losses of RMB0.8 million in 2024 and net other gains of RMB3.4 million in 2025 primarily attributable to (i) an increase in fair value changes of financial assets at FVPL from RMB0.9 million in 2024 to RMB4.5 million in 2025 due to their improved financial performance in 2025, (ii) a gain of RMB0.7 million in 2025 from a loss of RMB0.04 million in 2024 in lease termination, offset by a change from net foreign exchange gain of RMB0.2 million in 2024 to net foreign exchange loss of RMB1.7 million in 2025 due to the relatively stronger Chinese Yuan during the period against U.S. dollar.

Finance Income

Our finance income remained relatively stable from RMB27.8 million in 2024 to RMB28.7 million in 2025.

Finance Costs

Our finance costs decreased from RMB13.7 million in 2024 to RMB11.4 million in 2025, primarily attributable to a decrease in transaction cost for preferred shares issuance of RMB7.9 million in 2024 to nil in 2025, partially offset by an increase in interest expense on borrowings from RMB3.6 million in 2024 to RMB10.0 million in 2025 due to our increased bank loans.

Share of Net (Losses)/Profits of Investments Accounted for Using the Equity Method

Our share of net (losses)/profits of investment accounted for using the equity method was RMB0.1 million in 2024 and our share of gain of investment accounted for using the equity method was RMB0.5 million in 2025, due to improvement of financial performance of our investees.

Fair Value Changes of Preferred Shares and Other Financial Liabilities

Fair value changes of preferred shares and other financial liabilities were negative RMB323.3 million and negative RMB238.6 million in 2024 and 2025, respectively, mainly due to the increase in the fair value of our Company, driven by the improvements in operating performance and market conditions.

Income Tax Expenses

We recorded income tax expenses of RMB0.2 million in 2024 and RMB1.1 million in 2025, attributable to the increase of deferred tax liabilities due to increased valuation of our investment in associates in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB735.1 million in 2024 to RMB991.1 million in 2025.

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

Revenue

Our revenue increased by 55.9% from RMB484.9 million in 2023 to RMB755.8 million in 2024, primarily attributable to (i) the increase in revenue of robots by 109.2% from RMB140.6 million in 2023 to RMB294.2 million in 2024, (ii) the increase in revenue of edge AI sensors by 131.9% from RMB13.4 million in 2023 to RMB31.0 million in 2024, and (iii) the increase in revenue of agentic software systems by 56.4% from RMB148.7 million in 2023 to RMB232.7 million in 2024.

This growth was driven by (i) an increase in the number of customers for each product line; and (ii) an increase in average revenue per customer for each product line. The increase in customer numbers was driven by our efforts in reaching a wider range of customers and industry verticals. The enhanced efforts of our sales team have also accelerated customer acquisition and broadened overall market coverage. Additionally, recurring purchases from large, high-value key customers have contributed to the increase in average revenue per customer.

For details of the change in the number of customer and average revenue per customer for each product line of our industrial AI agents during the Track Record Period, please see "— Key Operating Metrics."

Cost of Sales

Our cost of sales increased by 51.8% from RMB336.8 million in 2023 to RMB511.5 million in 2024. This increase in our costs of sales was primarily driven by our continued business growth during the same period. Our cost of sales as a percentage of revenue decreased from 69.5% in 2023 to 67.7% in 2024, as the increase in cost of sales was lower than the growth in revenue, reflecting the benefits of revenue scaling and improved operating leverage.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 65.0% from RMB148.1 million in 2023 to RMB244.3 million in 2024. Our overall gross profit margin increased from 30.5% in 2023 to 32.3% in 2024, primarily attributable to the following reasons:

- The gross profit margin of our robots decreased from 22.9% in 2023 to 20.0% in 2024, primarily attributable to our strategic acquisition of new customers and strategic adjustment in certain industrial verticals in 2024. Products supplied to these new customers were largely in the validation stage, which resulted in relatively lower margins during the period.

- The gross profit margin of our edge AI sensors decreased from 36.5% in 2023 to 30.3% in 2024 primarily attributable to our product mix, strategic acquisition of new customers and entrance of certain new industrial verticals in 2024, resulting in temporarily lower margins during the expansion phase.

- The gross profit margin of agentic software systems increased from 38.8% in 2023 to 49.3% in 2024 primarily attributable to advancements in our IndustryGPT, which enabled greater reuse of underlying models and development components, thereby reducing incremental development costs.

- The gross profit margin of our AI infrastructure initiatives increased from 29.2% in 2023 to 32.0% in 2024 primarily attributable to disciplined project execution and cost control.

Research and Development Expenses

Our research and development expenses increased by 37.0% from RMB283.4 million in 2023 to RMB388.2 million in 2024. This increase was primarily attributable to (i) higher technical service expenses from RMB39.0 million in 2023 to RMB142.6 million in 2024, as we strategically outsourced certain routine R&D activities to external parties, allowing our internal teams to focus on more advanced research and development initiatives, and (ii) higher computing service expenses from RMB23.0 million in 2023 to RMB59.2 million in 2024, primarily driven by increased demand for computing power. The increase was partially offset by a decrease in personnel expenses from RMB170.9 million in 2023 to RMB129.7 million in 2024, reflecting improved efficiency associated with our advancement in AI technologies. Our research and development expenses as a percentage of revenue decreased from 58.4% in 2023 to 51.4% in 2024, reflecting improved operating leverage and greater efficiency in our research and development activities as revenue scaled.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 6.9% from RMB151.2 million in 2023 to RMB140.7 million in 2024, primarily attributable to a decrease in personnel expenses from RMB94.2 million in 2023 to RMB80.5 million in 2024, mainly due to improved management efficiency of our selling and marketing team. This decrease was partially offset by an increase in marketing expenses from RMB16.0 million in 2023 to RMB23.6 million in 2024, primarily due to our increased marketing efforts as we further entered the commercialization stage. Our selling and marketing expenses as a percentage of revenue decreased from 31.2% in 2023 to 18.6% in 2024, reflecting improved operating leverage and greater efficiency in our selling and marketing activities as revenue scaled.

General and Administrative Expenses

Our general and administrative expenses increased by 1.9% from RMB132.0 million in 2023 to RMB134.5 million in 2024, primarily attributable to an increase in (i) share-based payment expenses from RMB9.1 million in 2023 to RMB20.7 million in 2024 due to the grant of equity awards to our employees, and (ii) professional service expenses from RMB21.7 million in 2023 to RMB24.8 million in 2024, primarily due to fees paid to third-party professionals for general and administrative purposes. Our general and administrative expenses as a percentage of revenue decreased from 27.2% in 2023 to 17.8% in 2024, reflecting improved operating leverage and greater efficiency in our administrative activities as revenue scaled.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets decreased by 31.9% from RMB30.6 million in 2023 to RMB20.8 million in 2024, primarily attributable to the improvement in the aging profile of our trade receivables as a result of enhanced credit management and collection efforts as we provided one-time provision for uncollectible accounts in 2023.

Other Income

Our other income decreased 32.8% from RMB22.4 million in 2023 to RMB15.1 million in 2024, primarily due to the timing of government grant condition fulfillment.

Other (Losses)/Gains, Net

Our net other losses remained relatively stable at RMB1.1 million in 2023 and RMB0.8 million in 2024, respectively.

Finance Income

Our finance income increased 16.5% from RMB23.8 million in 2023 to RMB27.8 million in 2024, primarily due to the increased interest income.

Finance Costs

Our finance costs increased from RMB4.5 million in 2023 to RMB13.7 million in 2024, primarily attributable to (i) increase of other finance cost for issuance of preferred shares from nil in 2023 to RMB7.9 million in 2024 due to our finance cost for issuance of preferred shares, and (ii) an increase in interest expense on borrowings from RMB1.8 million in 2023 to RMB3.6 million in 2024 due to the increase in our borrowing amounts in 2024.

Share of Net (Losses)/Profits Investments Accounted for Using the Equity Method

Our share of net (losses)/profits of investment accounted for using the equity method decreased from RMB0.3 million in 2023 to RMB0.1 million in 2024, primarily attributed to the improved business performance and financial results of our associates.

Fair Value Changes of Preferred Shares and Other Financial Liabilities

Fair value changes of preferred shares and other financial liabilities were negative RMB136.5 million and negative RMB323.3 million in 2023 and 2024, respectively, mainly due to the increase in the fair value of our Company, driven by the improvements in operating performance and market conditions.

Income Tax Expenses

Our income tax expenses decreased from RMB0.7 million in 2023 to RMB0.2 million in 2024 primarily due to the change of deferred tax liabilities resulting from a slower rate of increase in the valuation of our investment in associates in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB546.0 million in 2023 to RMB735.1 million in 2024.

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

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

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Total non-current assets	149,922	120,857	122,045
Total current assets	1,029,905	1,433,717	1,953,880
Total assets	**1,179,827**	**1,554,574**	**2,075,925**
Total non-current liabilities	48,023	33,281	40,740
Total current liabilities	**3,253,915**	**4,342,574**	**5,293,134**
Total liabilities	**3,301,938**	**4,375,855**	**5,333,874**
Net liabilities	**(2,122,111)**	**(2,821,281)**	**(3,257,949)**
Share capital	136	136	144
Other reserve	2,733	38,679	593,161
Accumulated losses	(2,127,390)	(2,861,679)	(3,851,288)
Non-controlling interests	2,410	1,583	34
Total deficits	**(2,122,111)**	**(2,821,281)**	**(3,257,949)**

Assets

Property, Plant and Equipment

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Computer and electronic equipment	32,307	16,325	19,943
Leasehold improvements	27,629	22,674	21,915
Machinery and vehicles	3,294	4,032	6,756
Office furniture and equipment	1,462	623	35
Total	**64,692**	**43,654**	**48,649**

The carrying amount of our property, plant and equipment decreased from RMB64.7 million as of December 31, 2023 to RMB43.7 million as of December 31, 2024, mainly attributable to a decrease in computer and electronic equipment due to annual depreciation and one-off disposals.

The carrying amount of our property, plant and equipment increased from RMB43.7 million as of December 31, 2024 to RMB48.6 million as of December 31, 2025 mainly due to the addition of computer and electronic equipment for updating research equipments, and the addition of machinery and vehicles for researching and developing new products.

Right-of-use Assets

Our right-of-use assets consist primarily of properties leased for own use. As of December 31, 2023, 2024 and December 31, 2025, our right-of-use assets were RMB57.1 million, RMB38.9 million, and RMB33.8 million, respectively. The right-of-use assets decreased from December 31, 2023 to December 31, 2024 due to depreciation and amortization of the lease term. The right-of-use assets remain relatively stable from December 31, 2024 to December 31, 2025 due to the depreciation and amortization of lease terms, and partially offset by addition of a new lease for our new office location.

Intangible Assets

The carrying amount of our intangible assets increased from RMB1.7 million as of December 31, 2023 to RMB10.2 million as of December 31, 2024 primarily due to purchase of office software, and subsequently decreased to RMB8.4 million as of December 31, 2025, primarily due to amortization of intangible assets.

Investment Accounted for Using the Equity Method

The carrying amount of our investment accounted for using the equity method remained relatively stable throughout the Track Record Period at RMB2.0 million as of December 31, 2023 and RMB1.9 million as of December 31, 2024, and RMB2.3 million in December 31, 2025.

Financial Assets at FVPL

Our financial assets at FVPL represent our minority equity investments in other entities. It remained relatively stable at RMB14.2 million as of December 31, 2023 and RMB15.1 million as of December 31, 2024. The increase of RMB15.1 million as of December 31, 2024 to RMB19.7 million December 31, 2025 was mainly due to the improved business performance and financial results of our investees.

Prepayments and Other Assets (Non-current)

Non-current portion of our prepayments and other assets remained relatively stable at RMB10.3 million as of December 31, 2023, and RMB11.1 million as of December 31, 2024. The decrease of non-current portion of our prepayments and other assets from RMB11.1 million as of December 31, 2024 to RMB9.1 million as of December 31, 2025 was primarily attributable to the decrease in our long-term contract assets due to our improved contract terms.

Inventories

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	47,467	64,085	65,690
Work-in-progress	8,405	13,809	12,280
Raw materials	17,084	19,436	22,319
Contract fulfillment costs	930	2,198	6,433
Inventories, gross	73,886	99,528	106,722
Less: provision for impairment	(4,056)	(6,214)	(3,152)
Inventories, net	**69,830**	**93,314**	**103,570**

Our inventories increased from RMB69.8 million as of December 31, 2023 to RMB93.3 million as of December 31, 2024, and further to RMB103.6 million as of December 31, 2025, primarily in line with the growth of our sales and the corresponding increase in production and procurement requirements.

We assess impairment to inventories from time to time during the Track Record Period and may make provision to write down our inventories to their net realizable value if they become expired or damaged, or their prices go down, and their net realizable value substantially decreases.

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

	For the year ended December 31,		
	2023	2024	2025
	(days)		
Inventory turnover days(1)	52	58	53

Note:

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

Our inventory turnover days remained relatively stable during the Track Record Period.

As of January 31, 2026, RMB21.1 million, or 20.4% of inventories outstanding as of December 31, 2025, had been subsequently utilized.

Trade and Notes Receivables

Our trade and notes receivables significantly increased from RMB270.4 million as of December 31, 2023 to RMB532.6 million as of December 31, 2024, and subsequently further increased to RMB743.8 million as of December 31, 2025, primarily attributable to our increased sales and the timing of collection from customers.

As of December 31, 2023, 2024 and December 31, 2025, we recorded credit loss allowances for trade and notes receivables of RMB80.1 million, RMB77.9 million, and RMB87.6 million, respectively. For further details on impairment provisions, refer to Note 20 of the Accountant's Report in Appendix I to this Document.

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

	For the year ended December 31,		
	2023	2024	2025
		(days)	
Trade and notes receivables turnover days[1]	214	194	214

Note:

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

Our trade and notes receivables turnover days remained relatively stable during the Track Record Period at 214, 194 and 214 days for the years of 2023, 2024 and 2025, respectively. The turnover period was primarily attributable to our relatively early stage of commercialization, the nature of our customers' payment processes, which typically require inspection and confirmation of product conditions and the completion of services prior to payment, and the higher concentration of sales in the third and fourth quarter of each year, which tends to increase outstanding trade and notes receivables balances at year-end.

As of January 31, 2026, RMB71.9 million, or 9.7% of our trade and notes receivables outstanding as of December 31, 2025, had been subsequently settled.

Prepayments and Other Assets (Current)

Current portion of our prepayments and other assets primarily consisted of (i) prepayments to suppliers, (ii) contract assets, (iii) other receivables, (iv) input VAT to be deducted, (v) deferred **[REDACTED]** expenses, and (vi) credit loss allowance. For the detailed breakdown of our prepayments and other assets, please see Note 21 of the Accountant's Report included in Appendix I to this Document.

Current portion of our prepayments and other assets as of December 31, 2024 decreased compared to as of December 31, 2023, primarily attributable to (i) decrease prepayment to suppliers due to enhanced supply chain management, and (ii) decrease of input VAT to be deducted as utilization of input VAT credits to offset VAT payable during the period.

Current portion of our prepayments and other assets subsequently increased to RMB68.3 million as of December 31, 2025, primarily attributable to increase of (i) prepayment to suppliers due to the significant increase of our procurement volume to satisfy our production demands and (ii) other receivables due to the growth in prepayments to staff reflects increased business travel and marketing-related outlays in line with our business expansion.

Restricted Cash

Our restricted cash increased from RMB3.6 million as of December 31, 2023 to RMB168.9 million as of December 31, 2024, primarily attributable to the usage of cash to serve as guarantee for loans. Our restricted cash subsequently decreased to RMB89.3 million as of December 31, 2025 due to the release of restricted cash from such guarantee due to improvement in our credit profile.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB616.8 million as of December 31, 2023 to RMB578.5 million as of December 31, 2024, primarily due to our routine operating needs, and subsequently increased to RMB948.9 million as of December 31, 2025, mainly attributable to increased proceeds from borrowings and equity financing.

Liabilities

Trade and Notes Payables

Our trade and notes payables increased from RMB127.7 million as of December 31, 2023 to RMB301.0 million as of December 31, 2024 and further increased to RMB334.4 million as of December 31, 2025, primarily due to increased procurement activities in line with our business expansion.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Up to 3 months	93,038	212,825	194,102
3 to 6 months	11,289	47,592	49,206
6 months to 1 year	9,998	15,720	46,490
1 to 2 years	12,679	21,024	30,795
Over 2 years	693	3,825	13,817
Total	**127,697**	**300,986**	**334,410**

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

	As of December 31,		
	2023	2024	2025
	(days)		
Trade and notes payables turnover days(1)	153	153	170

Note:

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

The turnover days of our trade and notes payables remained stable at 153 days as of December 31, 2023 and 2024 and increased to 170 days as of December 31, 2025, reflecting our increased bargaining power.

As of January 31, 2026, RMB27.1 million, or 8.5% of our trade and notes payables outstanding as of December 31, 2025, had been subsequently settled.

Accruals and Other Current Liabilities

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payables for technical and computing service fees	9,888	18,693	79,531
Employee benefit obligations	56,388	52,140	57,853
Value-added tax and other taxes payable	5,018	4,611	23,464
Provision for warranty liabilities	2,421	8,748	16,445
Accrued **[REDACTED]** expenses	–	–	1,350
Deferred income in relation to government grants	721	5,221	–
Other payables	1,932	553	8,882
Total	**76,368**	**89,966**	**187,525**

Our accruals and other current liabilities increased from RMB76.4 million as of December 31, 2023 to RMB90.0 million as of December 31, 2024, primarily attributable to (i) payables for third-party services fees as a result of business growth, (ii) provisions for warranty liabilities due to our growth in revenues, and (iii) deferred income in relation to government grants due to additional government subsidies. Our accruals and other payables subsequently increased to RMB187.5 million as of December 31, 2025 primarily attributable to payables for third-party service fees as a result of increase in (i) R&D expenses, selling expenses, and general and administrative expenses, (ii) value added tax and other taxes payable due to increased revenue, and (iii) accrued warranty liabilities for business growth.

Contract Liabilities

Our contract liabilities primarily represent advance payments from customers, for which the underlying goods are yet to be provided. Our contract liabilities decreased from RMB24.6 million as of December 31, 2023 to RMB15.0 million as of December 31, 2024, primarily due to our strategic initiative to focus on high-value customers to whom we extend credit terms. Subsequently, our contract liabilities remained relatively stable at RMB16.3 million as of December 31, 2025.

As of January 31, 2026, RMB2.8 million, or 17.2% of contract liabilities outstanding as of December 31, 2025, had been subsequently settled.

Preferred Shares and Other Financial Liabilities at FVPL

Our preferred shares and other financial liabilities at FVPL primarily include redeemable preferred shares issued to investors. Our preferred shares and other financial liabilities at FVPL increased from RMB2,942.1 million as of December 31, 2023 to RMB3,728.2 million as of December 31, 2024 and further increased to RMB4,230.0 million as of December 31, 2025 due to the increased valuation of our company as the result of improvement in our business operations and financial results.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we relied on proceeds from shareholder investments, cash from operating activities and bank loans as the major sources of liquidity. We intend to finance our future capital requirements in the same manner after the **[REDACTED]**.

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 January 31,
	2023	2024	2025	2026
				(Unaudited)
	(RMB in thousands)			
Current assets				
Inventories	69,830	93,314	103,570	111,592
Trade and notes receivables	270,407	532,608	743,803	751,598
Prepayments and other assets	69,204	60,393	68,302	113,042
Restricted cash	3,642	168,946	89,315	74,103
Cash and cash equivalents	616,822	578,456	948,890	967,829
Total current assets	**1,029,905**	**1,433,717**	**1,953,880**	**2,018,164**
Current liabilities				
Trade and notes payables	127,697	300,986	334,410	361,316
Contract liabilities	24,628	14,971	16,335	25,406
Borrowings	61,516	188,423	505,541	544,759
Lease liabilities	21,627	20,046	19,332	19,402
Accruals and other current liabilities	76,368	89,966	187,525	157,429
Preferred shares and other financial liabilities at FVTPL	2,942,079	3,728,182	4,229,991	4,229,991
Total current liabilities	3,253,915	4,342,574	5,293,134	5,338,303
Net current liabilities	**(2,224,010)**	**(2,908,857)**	**(3,339,254)**	**(3,320,139)**

Without considering preferred shares and other financial liabilities at FVTPL, we would have recorded net current assets of RMB718.1 million, RMB819.3 million and RMB890.7 million as of December 31, 2023, 2024 and 2025, respectively, and RMB909.9 million as of January 31, 2026.

Our net current liabilities remained relatively stable at RMB3,339.3 million as of December 31, 2025 and RMB3,320.1 million as of January 31, 2026.

We recorded net current liabilities of RMB3,339.3 million as of December 31, 2025 compared to the net current liabilities of RMB2,908.9 million as of December 31, 2024, primarily attributable to an increase in current liabilities offset by an increase in current assets. The increase of our current assets is primarily attributable to (i) increase of cash and cash equivalent from RMB578.5 million as of December 31, 2024 to RMB948.9 million as of December 31, 2025 due to increase in bank borrowings and equity financing and decreased net cash outflow from operating activities, and (ii) increase of trade and notes receivables from RMB532.6 million as of December 31, 2024 to RMB743.8 million as of December 31, 2025 due to increased sales and the timing of collection from customers, partially offset by decrease of restricted cash from RMB168.9 million as of December 31, 2024 to RMB89.3 million as of December 31, 2025 due to our increased ability to borrow on credit basis. The increase of our current liabilities is primarily attributable to (i) increase of preferred shares and other financial liabilities at FVPL from RMB3,728.2 million as of December 31, 2024 to RMB4,230.0 million as of December 31, 2025 due to the increased valuation of our company, (ii) increase of our borrowings from RMB188.4 million as of December 31, 2024 to RMB505.5 million as of December 31, 2025, (iii) increase of our accruals and other current liabilities from RMB90.0 million as of December 31, 2024 to RMB187.5 million as of December 31, 2025 due to increase of third-party service fees as a result of increase in R&D expenses, selling expenses, and general and administrative expenses and (iv) increase in trade and notes payables from RMB301.0 million as of December 31, 2024 to RMB334.4 million as of December 31, 2025 due to increased procurement activities in line with our business expansion.

Our net current liabilities increased from RMB2,224.0 million as of December 31, 2023 to RMB2,908.9 million as of December 31, 2024, primarily due to the increase in current liabilities outweighing the corresponding increase in current assets. Our current liabilities increased primarily due to (i) increase of preferred shares and other financial liabilities at FVPL from RMB2,942.1 million as of December 31, 2023 to RMB3,728.2 million as of December 31, 2024 due to the increased valuation of our company, (ii) increase of our borrowings from RMB61.5 million as of December 31, 2023 to RMB188.4 million as of December 31, 2024, and (iii) increase in trade and notes payables from RMB127.7 million as of December 31, 2023 to RMB301.0 million as of December 31, 2024 due to increased procurement activities in line with our business expansion. Our current assets increase primarily attributable to (i) increase of trade and notes receivables from RMB270.4 million as of December 31, 2023 to RMB532.6 million as of December 31, 2024 due to increased sales and the timing of collection from customers, and (ii) increase of restricted cash from RMB3.6 million as of December 31, 2023 to RMB168.9 million as of December 31, 2024 due to the usage of foreign currency to serve as guarantee for loans in Chinese Yuan.

Cash Flow

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

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash outflow from operating activities	(372,015)	(423,857)	(327,275)
Net cash (outflow)/inflow from investing activities	(16,793)	(179,011)	57,317
Net cash from financing activities	7,197	558,355	656,003
Net (decrease)/increase in cash and cash equivalents	**(381,611)**	**(44,513)**	**386,045**
Cash and cash equivalents at the beginning of the year	990,369	616,822	578,456
Effects of exchange rate changes on cash, cash equivalents and restricted cash	8,064	6,147	(15,611)
Cash and cash equivalents at the end of the year	**616,822**	**578,456**	**948,890**

Net Cash Outflow from Operating Activities

Cash used in operating activities in 2025 was RMB327.3 million, which primarily consists of a loss before taxation of RMB990.0 million, adjusted for certain non-cash and nonoperating items. Adjustments for such non-cash and non-operating items primarily included (i) equity-settled share-based transactions of RMB475.2 million; (ii) fair value changes of preferred shares and other financial liabilities of RMB238.6 million, and (iii) provision for impairment of financial assets of RMB42.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and notes receivables of RMB259.1 million, and (ii) an increase in inventories of RMB10.5 million, partially offset by (i) an increase in accruals and other current liabilities of RMB72.8 million, and (ii) an increase in trade payables of RMB33.4 million.

Cash used in operating activities in 2024 was RMB423.9 million, which primarily consists of a loss before taxation of RMB734.9 million, adjusted for certain non-cash and nonoperating items. Adjustments for such non-cash and non-operating items primarily included (i) fair value changes of preferred shares and other financial liabilities of RMB323.3 million, (ii) equity-settled share-based transactions of RMB33.3 million, and (iii) depreciation of property, plant and equipment of RMB28.7 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and notes receivables of RMB288.6 million, and (ii) an increase in inventories of RMB25.5 million, partially offset by (i) an increase in trade payables of RMB174.1 million, and (ii) an increase in accruals and other current liabilities of RMB17.3 million.

Cash used in operating activities in 2023 was RMB372.0 million, which primarily consists of a loss before taxation of RMB545.3 million, adjusted for certain non-cash and nonoperating items. Adjustments for such non-cash and non-operating items primarily included (i) fair value changes of preferred shares and other financial liabilities of RMB136.5 million, (ii) provision for impairment of financial assets of RMB30.6 million, (iii) depreciation of property, plant and equipment of RMB30.4 million, and (iii) depreciation of right-of-use assets of RMB25.9 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB46.1 million, and (ii) a decrease in trade payables of RMB27.4 million, partially offset by a decrease in contract assets of RMB18.9 million.

Net Cash (Outflow)/Inflow from Investing Activities

Net cash inflow from investing activities in 2025 was RMB57.3 million, primarily consists of cash inflow from net impact of restricted cash of RMB78.0 million, partially offset by (i) payment for property, plant and equipment of RMB18.6 million and (ii) payment for intangible assets of RMB3.1 million.

Net cash outflow from investing activities in 2024 was RMB179.0 million, which primarily consists of (i) payments for restricted cash of RMB162.1 million and (ii) payments for property, plant and equipment of RMB13.8 million.

Net cash outflow from investing activities in 2023 was RMB16.8 million, which primarily consists of (i) payment for the purchase of property, plant and equipment of RMB15.7 million and (ii) payment for intangible assets of RMB0.8 million.

Net Cash Inflow from Financing Activities

Net cash inflow from financing activities in 2025 were RMB656.0 million, which primarily consisted of (i) proceeds from borrowings of RMB545.7 million, and (ii) proceeds from issuance of preferred shares and other financial liabilities of RMB352.9 million and, partially offset by (i) repayment of borrowings of RMB209.2 million, and (ii) principal elements of lease payments of RMB22.5 million.

Net cash inflow from financing activities in 2024 were RMB558.4 million, which primarily consisted of (i) proceeds from issuance of preferred shares and other financial liabilities of RMB552.0 million and (ii) proceeds from borrowings of RMB193.3 million, partially offset by (i) repayment of convertible notes from investors of RMB97.3 million, and (ii) repayment of borrowings of RMB54.4 million.

Net cash inflow from financing activities in 2023 were RMB7.2 million, which primarily consisted of (i) proceeds from issuance of preferred shares and other financial liabilities of RMB72.2 million and (ii) proceeds from borrowings of RMB40.2 million, partially offset by (i) repayment of convertible notes from investors of RMB42.0 million, (ii) repayment of borrowings of RMB37.9 million, and (iii) principal elements of lease payments of RMB21.5 million

INDEBTEDNESS

As of January 31, 2026, being the Indebtedness Date for the purpose of the indebtedness statement, we had total indebtedness of RMB612.1 million, including RMB581.8 million borrowing and RMB30.3 million lease liabilities.

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

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current				
Borrowings	61,516	188,423	505,541	544,759
Lease liabilities	21,627	20,046	19,332	19,402
Non-current				
Borrowings	—	—	15,013	37,033
Lease liabilities	36,990	19,115	12,358	10,874
Total	**120,133**	**227,584**	**552,244**	**612,068**

Borrowings

Our borrowings increased significantly throughout the Track Record Period and reached RMB61.5 million, RMB188.4 million, RMB520.6 million and RMB581.8 million as of December 31, 2023, 2024, 2025 and January 31, 2026, respectively, mainly attributable to our ability to gain more credit facilities from various banks and operational needs.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings or trade and non-trade payables, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date.

Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment. As of January 31, 2026, being the most recent practicable date for determining our indebtedness, we had unutilized committed bank facilities of RMB476.6 million.

Lease Liabilities

Current portion of our lease liabilities remained relatively stable throughout the Track Record Period at RMB21.6 million, RMB20.0 million, and RMB19.3 million as of December 31, 2023, 2024, and 2025, respectively.

The non-current portion of our lease liabilities decreased from RMB37.0 million as of December 31, 2023 to RMB19.1 million as of December 31, 2024, primarily due to the passage of time during the lease terms, which resulted in a portion of the lease liabilities being reclassified from non-current to current and regular lease payments made during the period. It further decreased to RMB12.4 million as of December 31, 2025 for the same reasons, partially offset by the addition of a new lease for our new office location.

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

CAPITAL EXPENDITURES

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

	For the year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Payments for property, plant and equipment	15,659	13,816	18,567
Payments for intangible assets	814	3,910	3,091
Total	16,473	17,726	21,658

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

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitment related to purchase of property, plant and equipment in an aggregate amount of RMB0.3 million, RMB3.2 million and RMB9.2 million, respectively.

KEY FINANCIAL RATIOS

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

	As of / For the year ended December 31,		
	2023	**2024**	**2025**
Revenue growth ratio	N/A	55.9%	43.7%
Gross profit margin	30.5%	32.3%	37.3%
Current ratio(1)	0.32	0.33	0.37
Adjusted current ratio(2)	3.30	2.33	1.84

Notes:

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

(2) Adjusted current ratio is calculated based on total current assets divided by total current liabilities excluding preferred shares and other financial liabilities at fair value through profit or loss.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 34 to the Accountant's Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 35 to the Accountant's Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to a variety of market and other financial risks, including foreign currency risk, credit risk, interest rate risk, liquidity risk and capital management risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For details of various market and other financial risks, see Note 3.1 to the Accountant's Report included in Appendix I to this Document.

DIVIDENDS

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

Any declaration and payment as well as the amount of dividends will be subject to our Articles and the Cayman Companies Act. Our board of directors has the discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit, retained earnings, or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. As advised by our Cayman Islands legal advisers, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated deficit does not prohibit us from declaring and paying dividends to our Shareholders. Dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Memorandum and Articles do not prohibit such payment and our Company is able to pay its debts as they fall due in the ordinary course of business immediately after such payment.

WORKING CAPITAL SUFFICIENCY

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

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company did not have any distributable reserves.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include (i) **[REDACTED]**-related expenses, such as **[REDACTED]** fees and **[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses, comprising professional fees paid to our legal advisers and reporting accountant for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** expenses (based on the mid-point of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately RMB**[REDACTED]** million, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]** expenses, we expect to pay **[REDACTED]**-related expenses of RMB**[REDACTED]** million, professional fees for our legal advisers and reporting accountant of RMB**[REDACTED]** million and other fees and expenses of RMB**[REDACTED]** million. An estimated amount of RMB**[REDACTED]** million for our **[REDACTED]** expenses, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**, is expected to be expensed through the statement of profit or loss and an estimated amount of RMB**[REDACTED]** million is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**. We did not recognize any **[REDACTED]** expenses in 2023 and 2024. We recognized **[REDACTED]** expenses of RMB**[REDACTED]** million in 2025, in our consolidated statements of profit or loss and other comprehensive income.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountant's Report set out in Appendix I to this Document, and there had been no event since December 31, 2025, that would materially affect the information shown in the Accountant's Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

[REDACTED]