You should read the following discussion and analysis in conjunction with our consolidated financial statements together with the accompanying notes as set forth in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in certain aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

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

OVERVIEW

We are an industrial embodied AI company, empowering various industries via robotics and shaping the future with human-robot symbiotic intelligence. We aim to advance intelligent transformation for industrial customers through mobile manipulation robots, including humanoid robots, and help our customers work towards efficient production. We provide industrial embodied AI robotic solutions based on our "unified intelligence + adaptive forms" ("一腦多態") architecture for various industries, such as semiconductors, energy and chemical, lithium battery, 3C and other manufacturing, and public utilities industries. Our solutions include a generalizable AI model and multi-form robots with perception, mobility and manipulation capabilities, and industry-specific software. Our solutions can be divided into two categories by application scenarios: industrial intralogistics solutions and inspection and maintenance solutions. As of the Latest Practicable Date, our industrial embodied AI robotic solutions had been adopted by customers covering leading semiconductor foundries, leading power grid groups and leading energy groups.

We achieved fast revenue growth during the Track Record Period. Our revenue increased from RMB107.7 million in 2023 to RMB254.9 million in 2024 and further increased to RMB339.7 million in 2025. We had net losses of RMB260.0 million, RMB200.2 million and RMB384.3 million in 2023, 2024 and 2025, respectively. During the same years, we recorded adjusted net loss (non-IFRS measure) of RMB131.4 million, RMB81.2 million and RMB106.0 million in 2023, 2024 and 2025, respectively. See "— Non-IFRS Measures."

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with all applicable IFRS, issued by the IASB. The measurement basis used in the preparation of the historical financial information is the historical cost basis, except for certain financial assets measured at their fair value.

The preparation of our historical financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments made by our management in the application of IFRS that have significant effect on our historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report as set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The success and growth of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address to optimize our results of operations and sustain our growth.

Development of the global industrial embodied AI robotic industry and the growth of the underlying industries of our customers

We operate in the rapidly growing industrial embodied AI robotic industry. Our business, financial performance, results of operations and future growth are affected by the development of this market and the growth of the industries in which our customers operate.

According to Frost & Sullivan, the global embodied AI robotic industry in terms of revenue reached RMB82.0 billion in 2024 and is expected to continue growing at a CAGR of 30.7% from 2025 to 2030 to reach RMB367.4 billion in 2030. Accelerated adoption of robotic solutions in industrial settings may present growth opportunities, provided that we maintain our competitive positioning.

During the Track Record Period, our revenue was primarily generated from the provision of industrial embodied AI robotic solutions domestically and internationally, covering industrial intralogistics scenarios and inspection and maintenance scenarios. As of December 31, 2025, our solutions had been offered to over 400 leading enterprises in the semiconductors, energy and chemical, lithium battery, 3C and other manufacturing, and public utilities industries. Our results of operations are highly dependent on the development and performance of these underlying industries of our customers, which are subject to a wide range of factors, such as fluctuations in capital expenditures, regulatory changes, supply chain efficiencies and macroeconomic conditions. Our ability to improve the generalization capabilities of our robots and ability to adapt to sector-specific trends will be critical to sustaining long-term growth.

Our ability to enhance our solutions and develop new solutions

Our robotic solutions are subject to rapidly evolving technological advancements and customer demands. To maintain our position in the industrial embodied AI robotic industry and achieve sustainable growth, it is imperative that we continuously enhance our solutions to adapt to these changes in a timely and effective manner. Consequently, our ability to efficiently develop and launch advanced robot models, software systems, algorithms, is critical to our growth prospects.

Our R&D capabilities are the cornerstone of our ability to enhance and develop advanced robotic solutions. We have invested, and plan to continue investing, significant resources in our R&D efforts. During the Track Record Period, our R&D expenses were RMB67.4 million, RMB62.4 million and RMB83.0 million in 2023, 2024 and 2025, respectively. To remain competitive in the industrial embodied AI robotic industry, we will continue to invest in proprietary core technologies development, make ongoing product improvement, and build R&D talent recruitment. We remain committed to investing in areas including key components for embodied AI robots, such as core controllers, multimodal perception technology, wheeled and bipedal embodied AI robots, software for embodied AI robots. Additionally, while we strive for efficiency in our R&D efforts, it is important to acknowledge that similar initiatives in the robotic solution industry are often associated with uncertainties in both process and outcome. We may experience fluctuations in R&D expenses, and the results and returns on such investments may be unpredictable.

Our ability to retain existing customers and obtain additional customers

Our ability to reinforce relationship with existing customers and acquire new customers to broaden our customer base across both domestic and international markets, as well as effectively commercializing our robotic solutions, is crucial to our results of operations and continued growth.

For industrial intralogistics scenarios, we strategically focus on industrial sectors such as semiconductors, lithium battery, 3C and other manufacturing industries. These industries are characterized by complex processes, high precision requirements and rapid technological advancements, and demand intelligent robotic system that can operate autonomously and collaboratively in complex manufacturing scenarios. For inspection and maintenance scenarios, we strategically focus on industrial sectors such as energy and chemical and public utilities. These industries require intensive or repetitive operations in environments that are hazardous or physically challenging, and demand robots automatically carry out real-time monitoring, provide necessary warnings, and perform operations. During the Track Record Period, we carried out various promotional activities, including participating in key industry exhibitions, as well as advertising and brand marketing activities. In addition, we also incurred costs associated with our pre-sales and after-sales services. Our selling and marketing expenses amounted to RMB53.9 million, RMB62.5 million and RMB77.2 million in 2023, 2024 and 2025, respectively.

In domestic markets, we benefit from established customer relationships, localized service networks, and a deep understanding of regional industry needs. Meanwhile, overseas markets present substantial growth potential, driven by rising automation adoption in such markets, global supply chain reconfiguration, and increasing labor costs worldwide. Our commercialization capabilities are essential for penetrating both domestic and international markets further. Rapidly deployable robotic solutions to meet varying industry demand, competitive products with measurable impact on customers' operation, critical technological breakthroughs, and well-managed commercialization costs are critical to successfully commercializing our products and solutions.

Competition and pricing

We operate in an increasingly competitive industrial embodied AI robotic industry. We face competition with international and domestic players with diverse capabilities, some of which may have longer operating history, greater business scale and resources, higher market recognition and more effective pricing strategies than us. We believe factors including strong R&D capabilities, in-depth understanding of application scenarios, ability to automate manufacturing settings and process and tailor robotic solutions are critical to our competitiveness in this market. We believe we have enjoyed certain competitive advantages as a result of our strong R&D capabilities, and will continue our development strategies to increase our competitiveness.

Our pricing strategy directly affects our revenue generation, gross profit margins and overall profitability. The key factors influencing pricing of our solutions are as follows: (i) the number and types of robots provided, (ii) functionalities selected by our customers for software and models, (iii) provision of deployment services, (iv) complexity of technology involved and (v) product competitiveness. However, our financial results could be adversely affected if we are unable to maintain appropriate pricing levels due to increased competition, market saturation, or customer price sensitivity. Conversely, our ability to implement premium pricing for technologically advanced robotic solutions may enhance our revenue quality and profitability. The effectiveness of our pricing strategy will remain a critical determinant of our future financial performance.

Our ability to improve operational efficiency

Our ability to achieve profitability and sustainable growth depends in part on our management of cost of sales. In 2023, 2024 and 2025, our cost of sales was RMB79.5 million, RMB165.3 million and RMB215.5 million, respectively, accounting for 73.9%, 64.8% and 63.4% of our revenue for the same years, respectively. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit and gross profit margin. For instance, our cost of inventories sold accounted for 78.5%, 85.2% and 89.0% of our cost of sales for 2023, 2024 and 2025, respectively. The procurement costs may fluctuate due to a number of factors beyond our control, such as supply chain disruptions and inflation, and we are susceptible to significant changes in the availability, price and standard of key raw materials. We have implemented cost management measures against such potential disruptions to our supply chain. In addition, our cost of sales and gross margin may, from time to time, be affected by the write-down of obsolete or slow-moving inventories.

Our business and results of operations are also significantly affected by our operating expenses, which primarily comprised research and development expenses, selling and marketing expenses, and general and administrative expenses during the Track Record Period. Our operating expenses ratio, defined as total operating expenses (consisting of research and development expenses, selling and marketing expenses, and general and administrative expenses) divided by total revenue, decreased from

161.6% in 2023 to 72.8% in 2025. Our research and development expenses, selling and marketing expenses, and general and administrative expenses may continue to increase as our business scale and together account for a significant portion of our revenue. For details of our measures to improve management of costs and expenses, see "Business — Business Sustainability and Path to Profitability."

General factors affecting the industries in which we operate

Our business and operating results are also affected by general factors affecting the industrial embodied AI robotic industry, which include:

- the overall economic conditions in markets where we operate;
- global acceptance and demand for embodied AI robots; and
- relevant laws and regulations, governmental policies and initiatives.

Any changes in any of these general factors may have a material impact on our business operations and results of operations.

MATERIAL ACCOUNTING POLICY INFORMATION

The preparation of our historical financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments made by our management in the application of IFRS that have significant effect on our historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report as set out in Appendix I to this document.

Revenue and Other Income

We classify income as revenue when it arises from the sale of goods and the provision of services in the ordinary course of our business.

Further details of our revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

We are the principal for its revenue transactions and recognizes revenue on a gross basis. In determining whether we act as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the our ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sales of industrial embodied AI robotic solutions

Industrial embodied AI robotic solutions involve design, production, deployment and commissioning of customized robotic systems, which can complete required tasks in specified scenarios as indicated in the sales contract. We determine that the promised goods and services in industrial embodied AI robotic solutions represent one performance obligation, because these promises are highly interdependent, and the customer is unable to derive significant benefits from the access to an individual promise for the intended purposes without receipt of the other goods or services.

Revenue from the sale of industrial embodied AI robotic solutions is recognized at point in time when the industrial embodied robotic solutions are accepted by the customers.

(ii) Revenue from other sources and other income

(a) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them.

Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(b) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Inventories and Contract Costs

(i) Inventories

Inventories are measured at the lower of cost and net realizable value.

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

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

When inventories are sold, the carrying amount of those inventories is recognized as cost of sales in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as cost of sales in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as cost of sales in the period in which the reversal occurs.

(ii) Contract costs

Other than the costs which are capitalized as inventories, costs incurred to fulfill a contract with a customer are capitalized as an asset if all of the following criteria are met:

— the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

— the costs generate or enhances resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

— the costs are expected to be recovered.

Amortization of the capitalized contract costs are recognized in the statements of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Contract Assets and Contract Liabilities

A contract asset is recognized when we recognize revenue before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are reclassified to receivables when the right to the consideration becomes unconditional.

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

Redemption Liabilities

A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if our obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) we could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognized in profit or loss. Then the carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as we do not have the right at the reporting date to defer settlement of the liability for at least 12 months from the reporting date.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Revenue	107,671	100.0	254,892	100.0	339,685	100.0
Cost of sales	(79,533)	(73.9)	(165,266)	(64.8)	(215,549)	(63.5)
Gross profit	28,138	26.1	89,626	35.2	124,136	36.5
Other net income	10,795	10.0	11,323	4.4	5,430	1.6
Selling and marketing expenses	(53,860)	(50.0)	(62,487)	(24.5)	(77,242)	(22.7)
General and administrative expenses	(52,746)	(49.0)	(56,051)	(22.0)	(87,314)	(25.7)
Research and development expenses	(67,425)	(62.6)	(62,398)	(24.5)	(83,023)	(24.4)
Provision of loss allowance on financial assets and contract assets	(4,792)	(4.5)	(8,281)	(3.2)	(11,948)	(3.5)
Finance costs	(1,526)	(1.4)	(2,979)	(1.2)	(5,214)	(1.5)
Share of (losses)/profits of an associate and a joint venture	(39)	—	(129)	(0.1)	226	0.1
Changes in the carrying amount of redemption liabilities	(118,539)	(110.1)	(108,840)	(42.7)	(249,384)	(73.4)
Loss before taxation	(259,994)	(241.5)	(200,216)	(78.5)	(384,333)	(113.1)
Income Taxation	—	—	—	—	—	—
Loss and total comprehensive income for the year	(259,994)	(241.5)	(200,216)	(78.5)	(384,333)	(113.1)

NON-IFRS MEASURES

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures, when shown in conjunction with the corresponding IFRS measures, facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) 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 you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the years adjusted by adding back (i) equity-settled share based payment expenses, (ii) changes in the carrying amount of redemption liabilities and (iii) **[REDACTED]**, and adjusted net loss margin (non-IFRS measure) as adjusted net loss (non-IFRS measure) divided by revenue. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the years indicated with our net loss, or loss for the years presented in accordance with IFRS:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Loss for the year	(259,994)	(200,216)	(384,333)[4]
Add:			
— Equity-settled share based payment expenses[1]	10,065	10,191	11,500
— Changes in the carrying amount of redemption liabilities[2]	118,539	108,840	249,384
— [REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure)	(131,390)	(81,185)	(106,041)[4]
Adjusted net loss margin (non-IFRS measure)[3]	(122.0%)	(31.9%)	(31.2%)

Notes:

(1) Equity-settled share based payment expense is a non-cash expense arising from granting share-based awards to selected employees. It mainly represents the arrangement that we receive services from employees as consideration for our equity instruments. Share-based payment is not expected to result in future cash payments.

(2) We adjust changes in the carrying amount of redemption liabilities because it was non-cash in nature. We recognized the redemption liabilities at their present value of the redemption amount, with changes in such carrying amounts being booked in profit or loss, arising from redemption rights issued to **[REDACTED]** Investors. These redemption rights issued will be terminated upon the **[REDACTED]**.

(3) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%.

(4) The increase in our loss for the period and adjusted net loss (non-IFRS measure) from 2024 and 2025 was primarily attributable to (i) an increase in our research and development expenses driven by our ongoing effort in R&D activities and R&D team scale expansion, (ii) an increase in our selling and marketing expenses resulting from sales team expansion, additional advertising activities and product warranty provision in line with our sales growth and (iii) an increase in our general and administrative expenses resulting from newly rented offices and employee benefits to support our business expansion, partially offset by an increase in our revenue as our existing customers continued to repurchase our products and we expanded our base of new customers.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue from the provision of industrial embodied AI robotic solutions. In particular, our solutions mainly covered two key scenarios: (i) industrial intralogistics and (ii) inspection and maintenance.

Revenue by Application Scenario

The following table sets forth a breakdown of our revenue by application scenario for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Industrial embodied AI robotic solutions						
— Industrial intralogistics	62,444	58.0	138,154	54.2	201,661	59.4
— Inspection and maintenance	45,227	42.0	116,738	45.8	138,024	40.6
Total	**107,671**	**100.0**	**254,892**	**100.0**	**339,685**	**100.0**

Revenue by Geographic Location

During the Track Record Period, we generated majority of our revenue from Chinese mainland. The following table sets forth a breakdown of our revenue by geographic location for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Chinese Mainland	101,738	94.5	240,111	94.2	318,287	93.7
Bonded area, China	—	—	—	—	11,710	3.4
Germany	—	—	8,406	3.3	—	—
Japan	1,406	1.3	1,899	0.7	3,337	1.0
Thailand	1,139	1.1	752	0.3	1,251	0.4
South Korea	350	0.3	319	0.1	369	0.1
Malaysia	417	0.4	415	0.2	—	—
India	944	0.9	—	—	—	—
Others[(1)]	1,679	1.6	2,990	1.2	4,729	1.4
Total	**107,671**	**100.0**	**254,892**	**100.0**	**339,685**	**100.0**

Note: Others primarily included Taiwan, China, Hong Kong, China, Saudi Arabia.

The table below sets forth the breakdown of the sales volume measured by order number by geographic location for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Chinese Mainland	205	273	348
Bonded area, China	—	—	2
Germany	2	5	—
Japan	7	9	28
Thailand	3	5	8
South Korea	2	1	1
Malaysia	4	2	0
India	2	1	0
Others[(1)]	8	13	15
Total	**233**	**309**	**402**

Notes:

(1) Others primarily included Taiwan, China, Hong Kong, China, Saudi Arabia.

(2) Sales volume, defined as the number of orders, reflects the total number of orders placed in the given year. Revenue is recognized over time when the agreed recognition point is reached.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Cost of inventory sold	62,379	78.5	140,933	85.2	191,772	89.0
— Motion control kits	8,819	11.1	30,232	18.3	48,713	22.3
— Transfer kits	6,012	7.6	22,729	13.8	26,786	12.3
— Robotic arms	6,190	7.8	8,713	5.3	20,836	9.5
— LiDAR and sensors	9,788	12.3	13,979	8.5	13,444	6.2
— Machined parts and sheet metal parts	6,173	7.8	8,729	5.3	9,937	4.5
— Others[1]	25,397	31.9	56,551	34.2	72,056	33.0
Deployment costs	14,167	17.8	21,466	13.0	23,114	10.7
Other costs	2,582	3.2	599	0.4	663	0.3
Provision for write-down of inventories and contract costs	405	0.5	2,268	1.4	—	—
Total	**79,533**	**100.0**	**165,266**	**100.0**	**215,549**	**100.0**

Note: (1) Others primarily included a number of miscellaneous hardware.

The following table sets forth a breakdown of our cost of sales by application scenario for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Industrial embodied AI robotic solutions						
— Industrial intralogistics	52,539	66.1	99,431	60.2	143,960	66.8
— Inspection and maintenance	26,994	33.9	65,835	39.8	71,589	33.2
Total	**79,533**	**100.0**	**165,266**	**100.0**	**215,549**	**100.0**

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Application Scenario

The following table sets forth our gross profit and gross margins by application scenario for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*
	(RMB in thousands, except for percentages)					
Industrial embodied AI robotic solutions						
— Industrial intralogistics	9,905	15.9	38,723	28.0	57,701	28.6
— Inspection and maintenance	18,233	40.3	50,903	43.6	66,435	48.1
Total	**28,138**	**26.1**	**89,626**	**35.2**	**124,136**	**36.5**

Gross Profit and Gross Profit Margin by Vertical Industry

The following table sets forth our gross profit and gross margins by vertical industry for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*
	(RMB in thousands, except for percentages)					
Industrial intralogistics						
— Semiconductor	4,806	13.3	22,571	33.4	39,042	42.3
— 3C and other manufacturing	4,882	20.2	14,933	27.3	6,864	33.1
— Lithium battery	216	10.0	1,220	7.7	11,795	13.3
Inspection and maintenance						
— Energy and chemical	10,660	35.6	43,126	45.0	56,149	49.8
— Public utilities	7,574	49.7	7,776	37.2	10,286	40.7
Total	**28,138**	**26.1**	**89,626**	**35.2**	**124,136**	**36.5**

Gross Profit and Gross Profit Margin by Geographic Location

The following table sets forth our gross profit and gross margins by geographic location for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*
	(RMB in thousands, except for percentage)					
Chinese Mainland	24,613	24.2	82,837	34.5	110,099	34.6
Bonded area, China	—	—	—	—	7,436	63.5
Germany	—	—	2,392	28.5	—	—
Japan	905	64.4	1,365	71.9	2,429	72.8
Thailand	811	71.2	452	60.1	690	55.2
South Korea	258	73.7	226	70.9	247	67.0
Malaysia	210	50.4	281	67.7	—	—
India	363	38.4	—	—	—	—
Others(1)	978	58.3	2,073	69.3	3,235	68.4
Total	**28,138**	**26.1**	**89,626**	**35.2**	**124,136**	**36.5**

Note:

(1) Others primarily included Taiwan, China, Hong Kong, China, Saudi Arabia.

Other Net Income

The following table sets forth a breakdown of our other net income for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants	10,325	11,008	5,155
Interest income from bank deposits	679	459	463
Loss on disposal of property, plant and equipment, net	(20)	(55)	(27)
Net foreign exchange gain/(loss)	113	(66)	(256)
Others	(302)	(23)	95
Total	**10,795**	**11,323**	**5,430**

Selling and Marketing Expenses

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	28,907	53.6	32,185	51.5	37,707	48.8
Business development and traveling expenses	8,232	15.3	10,595	17.0	13,668	17.7
Advertising and promotion expenses	7,283	13.5	4,140	6.6	7,631	9.9
Product warranty provision	5,959	11.1	12,790	20.5	14,272	18.5
Others(1)	3,479	6.5	2,777	4.4	3,964	5.1
Total	**53,860**	**100.0**	**62,487**	**100.0**	**77,242**	**100.0**

Note: Others primarily included rent expenses and utilities fees, and logistics and transportation fees.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	34,731	65.8	35,292	62.9	45,012	51.6
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Office related fees	7,223	13.7	8,007	14.3	10,479	12.0
Professional service fees	4,839	9.2	6,595	11.8	6,751	7.7
Business development and traveling expenses	4,004	7.6	3,396	6.1	4,962	5.7
Others(1)	1,949	3.7	2,761	4.9	2,702	3.1
Total	**52,746**	**100.0**	**56,051**	**100.0**	**87,314**	**100.0**

Note: Others primarily included depreciation and amortization.

Research and Development Expenses

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	43,001	63.6	36,109	57.8	43,749	52.8
Professional service fees	2,871	4.3	9,102	14.6	21,382	25.8
Materials cost	10,500	15.6	8,144	13.1	8,095	9.8
Traveling expenses	2,531	3.8	1,817	2.9	2,554	3.1
Depreciation and amortization	1,130	1.7	949	1.5	177	0.2
Others[1]	7,392	11.0	6,277	10.1	7,066	8.5
Total	**67,425**	**100.0**	**62,398**	**100.0**	**83,023**	**100.0**

Note: Others primarily included equipment acquisition and trial production expenses and testing and processing fees.

Our research and development expenses as a percentage of our total revenue has generally declined over time during the Track Record Period. Leveraging our CBB architecture, our robots are highly standardized. Even when developing new products, we can add to or adjust existing modules and structures, thereby preventing wasted research and development resources and improves our development efficiency. During the Track Record Period, all R&D expenses incurred were solely related to the our Specialist Technology Products.

Provision of Loss Allowance on Financial Assets and Contract Assets

Our provision of loss allowance on financial assets and contract assets primarily represent provision for trade and bills receivable and contract assets. We recorded recorded provision of loss allowance on financial assets and contract assets of RMB4.8 million, RMB8.3 million and RMB11.9 million in 2023, 2024 and 2025, respectively.

Finance Costs

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Interest expenses on bank loans	614	2,231	4,715
Interest on lease liabilities	912	748	499
Total	**1,526**	**2,979**	5,214

Changes in the Carrying Amount of Redemption Liabilities

During the Track Record Period, our changes in the carrying amount of redemption liabilities represented changes in the redemption liabilities of the Shares with special rights held by **[REDACTED]** Investors. For more details, please see "History, Development and Corporate Structure — Establishment and Development of Our Company" in this document. We expect to continue to recognize changes in the carrying amount of redemption liabilities for the period from December 31, 2025 to the date when the redemption right granted to our **[REDACTED]** Investors was terminated, and the redemption liabilities will be reclassified to equity thereafter. For more details, see Note 24 of the

Accountants' Report set forth in Appendix I to this document. We recognized losses from changes in the carrying amount of redemption liabilities of RMB118.5 million, RMB108.8 million and RMB249.4 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 33.3% from RMB254.9 million in 2024 to RMB339.7 million in 2025, which was generally in line with the market growth rate in the same period, according to Frost & Sullivan. The increase was primarily driven by an increase in revenue from our robotic solutions for inspection and maintenance scenario, particularly in the energy and chemical industries; and an increase in revenue from our robotic solutions for industrial intralogistics scenario, particularly in the semiconductor industry. Such increase in revenue was driven by the increase in completed projects, from 248 completed projects in 2024 to 277 completed projects in 2025. Additionally, the increase in revenue was mainly attributable to (i) high customer repurchase rate, (ii) the greater market acceptance of our robotic solutions driven by our industry recognition from involvement in a number of benchmark projects for reputable customers in both application scenarios, which significantly increased our reputation and attracted new customers, leading to an increase in our customer base from 184 customers in 2024 to 205 customers in 2025, see "Business — Sales and Marketing — Our Sales Network — Movement of Projects" and (iii) continuous improvement and iteration of our robot models.

Cost of Sales

Our cost of sales increased by 30.4% from RMB165.3 million in 2024 to RMB215.5 million in 2025, generally in line with the increase in our revenue.

In particular, the increase was primarily due to (i) an increase in cost of inventories sold of RMB50.8 million. Such increase was generally in line with the increase in the sales of robotic solutions.

Gross Profit and Gross Profit Margin

Our gross profit increased by 38.5% from RMB89.6 million in 2024 to RMB124.1 million in 2025, primarily due to (i) an increase in the gross profit from our sales of robotic solutions for industrial intralogistics scenario, particularly due to the increase in the gross profit from the sales of robotic solutions for semiconductor industry, which increased from RMB22.6 million in 2024 to RMB39.0 million in 2025. Such increase was primarily due to the revenue growth driven by existing customers' repurchases and expansion to new semiconductor customers and (ii) an increase in the gross profit from our sales of robotic solutions for inspection and maintenance scenario, particularly due to the increase in the gross profit from the sales of robotic solutions for energy and chemical industries, which increased from RMB43.1 million in 2024 to RMB56.1 million in 2025. Such increase was primarily due to the continued revenue contribution from deepened cooperation with major central and state-owned enterprises.

Our gross profit margin increased slightly from 35.2% in 2024 to 36.5% in 2025, primarily due to (i) an increase in the gross profit margin from robotic solutions for inspection and maintenance scenario, resulting from (a) decreased procurement cost resulted from our enhanced bargaining power for bulk procurement driven by part standardization, (b) improved production efficiency driven by the application of wire harnesses and automatic inspection equipment in our manufacturing process, as well as pre-production and (c) an increase in the gross profit margin from robotic solutions for energy and chemical industries from 45.0% in 2024 to 49.8% in 2025, as the energy and chemical industries are characterized by high value-added applications, strong and rigid demand, and extremely specialized operating environments where mandatory safety policies necessitate the adoption of robotic solutions, rendering such solutions largely irreplaceable and thereby affording us stronger pricing power and the ability to command significant price premiums, (ii) a relatively stable gross profit from robotic solutions for industrial intralogistics scenario, underpinned by an increase in the gross profit margin from robotic solutions for semiconductor industry from 33.4% in 2024 to 42.3% in 2025, primarily due to (a) the continued cost reduction through economies of scale, progressive localization of key components and our investment in self-developed technologies, and (b) our strengthened pricing power underpinned by the high technical barriers and sustained industry demand. In 2024 and 2025, the higher gross margins of solutions for the semiconductor industry were mainly attributable to a combination of high technical barriers, sector-specific requirements and the high-value nature of these solutions. Our solutions designed for semiconductor manufacturers demanding stricter standards for precision, cleanliness and compliance generally resulted in higher costs, which are translated into premium pricing. Once such solutions are delivered and accepted in the industry, they can often be replicated and scaled for similar sector customers, allowing us to achieve higher margins as a result.

Other Net Income

Our net income decreased by 52.2% from RMB11.3 million in 2024 to RMB5.4 million in 2025, primarily due to a decrease in government grants of RMB5.9 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 23.5% from RMB62.5 million in 2024 to RMB77.2 million in 2025, primarily due to (i) an increase in employee benefit expenses of RMB5.5 million, driven by our sales team expansion and (ii) an increase in advertising and promotion expenses of RMB3.5 million in connection with additional advertising activities following our ongoing expansion into overseas markets.

General and Administrative Expenses

Our general and administrative expenses increased by 55.8%, from RMB56.1 million in 2024 to RMB87.3 million in 2025. The increase was primarily due to (i) the incurrence of **[REDACTED]** of RMB**[REDACTED]** and (ii) an increase in employee benefit expenses of RMB9.7 million as we recruited more administrative personnel to support our business.

Research and Development Expenses

Our research and development expenses increased by 33.0% from RMB62.4 million in 2024 to RMB83.0 million in 2025, primarily due to (i) an increase in professional service fees of RMB12.3 million as we engaged third-party research agencies to carry out certain research and development activities; and (ii) an increase in employee benefit expenses of RMB7.6 million as we recruited more research and development personnel.

Provision of Loss Allowance on Financial Assets and Contract Assets

Our provision of loss allowance on financial assets and contract assets increased significantly by 43.4% from RMB8.3 million in 2024 to RMB11.9 million in 2025, primarily due to an increase in trade receivables and contract assets.

Finance Costs

Our finance costs increased by 73.3% from RMB3.0 million in 2024 to RMB5.2 million in 2025, primarily due to a higher balance of bank borrowings used to support our working capital needs.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased from RMB108.8 million in 2024 to RMB249.4 million in 2025, primarily due to the changes in the changes in the carrying amount of redemption liabilities related to the Shares of our **[REDACTED]** Investors.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 92.0% from RMB200.2 million in 2024 to RMB384.3 million in 2025.

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

Revenue

Our revenue increased by 136.7% from RMB107.7 million in 2023 to RMB254.9 million in 2024. The increase was primarily driven by an increase in revenue from our robotic solutions for inspection and maintenance scenario, particularly in the energy and chemical industries; and an increase in revenue from our robotic solutions for industrial intralogistics scenario, particularly in the semiconductor industry. Such increase in revenue was driven by the increase in completed projects, from 164 completed projects in 2023 to 248 completed projects in 2024. Additionally, the increase in revenue was mainly attributable to (i) high customer repurchase rate, (ii) the greater market acceptance of our robotic solutions driven by our industry recognition from involvement in a number of benchmark projects for reputable customers in both application scenarios, which significantly increased our reputation and attracted new customers, leading to an increase in our customer base from 169 customers in 2023 to 184 customers in 2024, see "Business — Sales and Marketing — Our Sales Network — Movement of Projects", and (iii) continuous improvement and iteration of our robot models.

Our revenue growth rate was 136.7% from 2023 to 2024, which far exceeded the market growth rate in the same period, according to Frost & Sullivan. Such higher revenue growth rate was primarily due to (i) we primarily offered mobile manipulation robotic solutions, which differentiate us from such market players in the robotics industry who primarily focus on autonomous mobile robot solutions or collaborative robot solutions, in the following aspects: (a) from a technology perspective, mobile manipulation robots combine both mobility and manipulation capabilities, enabling them to handle a wider range of complex application scenarios compared to AMRs solutions or cobots solutions, offering greater versatility and scenario adaptability and (b) the AMR solutions and cobots solutions are relatively mature with mainstream industrial applications already adapted and optimized, whereas the mobile manipulation robotic solutions industry is still in the early stages of rapid growth, and we believe it has a higher growth potential, and (ii) we achieved greater market acceptance of our robotic solutions driven by our involvement in a number of benchmark projects for reputable customers, which significantly increased our reputation and attracted new customers.

Cost of Sales

Our cost of sales increased by 107.8% from RMB79.6 million in 2023 to RMB165.3 million in 2024, generally in line with the increase in our revenue.

In particular, the increase was primarily due to (i) an increase in cost of inventories sold of RMB78.6 million; (ii) an increase in deployment costs of RMB7.3 million. Such increase was generally in line with the increase in the sales volume of robotic solutions.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB28.1 million in 2023 to RMB89.6 million in 2024, primarily due to (i) an increase in the gross profit from our sales of robotic solutions for industrial intralogistics scenario, particularly due to the increase in the gross profit from the sales of robotic solutions for semiconductor industry, which increased from RMB4.8 million in 2023 to RMB22.6 million in 2024. Such increase wasprimarily due to the significant revenue growth driven by continued repurchases from existing benchmark customers and the expansion to new semiconductor customers through the demonstration effect of our proven solutions and (ii) an increase in the gross profit from our sales of robotic solutions for inspection and maintenance scenario, particularly due to the increase in the gross profit from the sales of robotic solutions for energy and chemical industries, which increased from RMB10.7 million in 2024 to RMB43.1 million in 2025. Such increase was primarily due to the concentrated release of industry demand driven by favorable government policies incentivizing industry development and our deepened cooperation with state-owned enterprises.

Our gross profit margin increased from 26.1% in 2023 to 35.2% in 2024, (i) an increase in the gross profit margin from robotic solutions for inspection and maintenance scenario, resulting from (a) decreased procurement cost resulted from bulk procurement of parts and our enhanced bargaining power with our suppliers, (b) improved production efficiency driven by the application of wire harnesses and automatic inspection equipment in our manufacturing process, as well as pre-production and (c) an increase in the gross profit margin from robotic solutions for energy and chemical industries from 35.6% in 2023 to 45.0% in 2024, as the energy and chemical industries are characterized by high value-added applications, strong and rigid demand, and extremely specialized operating environments where mandatory safety policies necessitate the adoption of robotic solutions, rendering such solutions largely irreplaceable and thereby affording us stronger pricing power and the ability to command significant price premiums, and (ii) an increase in the gross profit from robotic solutions for industrial intralogistics scenario, especially an increase in the gross profit margin from robotic solutions for semiconductor industry from 13.3% in 2023 to 33.4% in 2024, primarily due to (a) the sustained high demand and high technical barriers in the semiconductor industry, which supported our premium pricing for customized solutions, (b) the economies of scale achieved through increased order volume, coupled with the progressive localization of key components and our continued investment in self-developed technologies, which collectively enhanced our production efficiency and (c) the favorable competitive landscape and industry dynamics, increasing market concentration and our strengthened pricing power.

Other Net Income

Our other net income remained relatively stable at RMB10.8 million in 2023 to RMB11.3 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 16.0% from RMB53.9 million in 2023 to RMB62.5 million in 2024 primarily due to (i) an increase in employee benefit expenses of RMB3.3 million as a result of the recruitment of sales and marketing personnel to support our business expansion; and (ii) an increase in product warranty provision of RMB6.8 million as a result of an increase in our sales.

General and Administrative Expenses

Our general and administrative expenses increased by 6.3% from RMB52.7 million in 2023 to RMB56.1 million in 2024, primarily due to (i) an increase in professional service fees of RMB1.8 million, and (ii) an increase in office related fees of RMB0.8 million in relation to our additional leased properties.

Research and Development Expenses

Our research and development expenses decreased by 7.5% from RMB67.4 million in 2023 to RMB62.4 million in 2024, primarily due to (i) a decrease in employee benefit expenses of RMB6.9 million, and (ii) a decrease in materials cost of RMB2.4 million. Such decrease is primarily due to our implementation of efficiency improvements. The successful development and continuous optimization of our robots with improved product versatility and enhanced modularity in previous years, resulting in decreased R&D expenditure in 2024.

Provision of Loss Allowance on Financial Assets and Contract Assets

Our provision of loss allowance on financial assets and contract assets increased by 72.8% from RMB4.8 million in 2023 to RMB8.3 million in 2024, primarily due to the increased receivables in 2024 compared to 2023.

Finance Costs

Our finance costs increased significantly from RMB1.5 million in 2023 to RMB3.0 million in 2024, primarily due to a higher balance of bank borrowings used to support our working capital needs.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities decreased from RMB118.5 million in 2023 to RMB108.8 million in 2024, primarily due to the changes in the carrying amount of redemption liabilities related to the Shares of our **[REDACTED]** Investors.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 23.0% from RMB260.0 million in 2023 to RMB200.2 million in 2024.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Current assets				
Inventories and contract costs	130,922	99,942	49,900	56,579
Contract assets	9,225	17,513	30,150	30,250
Trade and bills receivables	50,987	146,875	247,378	206,371
Financial assets at fair value through other comprehensive income	—	1,109	13,197	13,197
Prepayments, other receivables and other assets	10,871	31,806	45,624	46,381
Restricted cash	12,658	13,544	26,200	20,900
Cash and cash equivalents	75,832	131,331	243,422	200,052
Total current assets	**290,495**	**442,120**	**655,871**	**573,730**
Current liabilities				
Trade and bills payables	75,155	135,322	189,238	148,090
Contract liabilities	83,266	67,417	12,574	16,690
Other payables and accruals	25,447	60,969	84,868	71,816
Bank loans	32,039	104,326	190,096	190,096
Redemption liabilities	1,227,221	1,456,061	2,121,122	2,139,754
Lease liabilities	7,167	7,719	4,224	3,239
Provisions	1,387	2,896	3,808	3,808
Total current liabilities	**1,451,682**	**1,834,710**	**2,605,930**	**2,573,493**
Net Current Liabilities	**(1,161,187)**	**(1,392,590)**	**(1,950,059)**	**(1,999,763)**

Our net current liabilities remained relatively stable at RMB1,950.1 million as of December 31, 2025 and RMB1,999.8 million as of February 28, 2026, respectively.

Our net current liabilities increased by 40.1% from RMB1,392.6 million as of December 31, 2024 to RMB1,950.1 million as of December 31, 2025, primarily due to (i) an increase in redemption liabilities of RMB665.1 million due to an increased carrying amount of the registered capital with special rights primarily due to additional equity financing, (ii) an increase in bank loans of RMB85.8 million to support our liquidity and (iii) an increase in trade and bills payables of RMB53.9 million resulting from increased procurement of services to support our expanding production and business operations, partially offset by (i) an increase in trade and bills receivables of RMB100.5 million in line with our business expansion and (ii) an increase in cash and cash equivalent of RMB112.1 million resulting from the net cash inflow from financing activities.

Our net current liabilities increased by 19.9% from RMB1,161.2 million as of December 31, 2023 to RMB1,392.6 million as of December 31, 2024, primarily due to (i) an increase in redemption liabilities of RMB228.8 million due to an increased carrying amount of the registered capital with special rights primarily due to additional equity financing, (ii) an increase in bank loans of RMB72.3 million to support our liquidity and (iii) an increase in trade and bills payables of RMB60.2 million resulting from increased procurement of services to support our expanding production and business operations, partially offset by (i) an increase in trade and bills receivables of RMB95.9 million in line with our business expansion and (ii) an increase in cash and cash equivalents of RMB55.5 million resulting from the net cash inflow from financing activities.

Property, Plant and Equipment

Our property, plant and equipment mainly consist of office equipment and fixtures, equipment and machinery, electronic equipment, and leasehold improvements. Our property, plant and equipment increased from RMB9.8 million as of December 31, 2023 to RMB11.2 million as of December 31, 2024, primarily due to (i) an increase in office equipment and fixtures due to the expansion of our office space; and (ii) an increase in leasehold improvements related to the renovation of new office space. Our property, plant and equipment decreased from RMB11.2 million as of December 31, 2024 to RMB9.1 million as of December 31, 2025, primarily due to the depreciation provided.

We were not aware of any indicator of impairment to our property, plant and equipment as of December 31, 2023, 2024 and 2025.

Right-of-use Assets

Our right-of-use assets represent carrying amounts of leased offices and factories for our operations. Our right-of-use assets further decreased from RMB14.3 million as of December 31, 2023 to RMB12.8 million as of December 31, 2024, primarily due to the depreciation of right-of-use assets and termination of a lease contract, partially offset by the impact of certain new office leases. Our right-of-use assets further decreased from RMB12.8 million as of December 31, 2024 to RMB7.5 million as of December 31, 2025, primarily due to the depreciation of right-of-use assets.

We were not aware of any indicator of impairment to our right-of-use assets as of December 31, 2023, 2024 and 2025.

Interests in an associate and a joint venture

Our interest in an associate and a joint venture represents our equity investment in Beijing Shengji Power Technology Co., Ltd. (北京生機動力科技有限公司) ("Shengji Power") and Pinggao Xinsong Electric Power Intelligent Equipment (Henan) Co., Ltd. (平高新松電力智能裝備(河南)有限公司) ("Pinggao Xinsong"). Our interest in an associate and a joint venture increased from RMB1.0 million as of December 31, 2023 to RMB1.6 million as of December 31, 2024 as we acquired 12.0% of Pinggao Xinsong. Our long-term equity investment increased from RMB1.6 million as of December 31, 2024 to RMB2.6 million as of December 31, 2025, primarily due to our capital contribution to Pinggao Xinsong.

Shengji Power was established in 2021. Its principal business is to provide system integration services to companies in the energy and public utilities sectors in China. The management team at Shengji Power has extensive industry experience and resources. We became familiar with the management team at Shengji Power through industry events, and subsequently engaged them as a channel partner to distribute our robotic solutions. In October 2023, to strengthen our business collaboration with Shengji Power, we made a minor equity investment in Shengji Power. After the investment, Shengji Power agreed to only distribute our robotic solutions. During the Track Record Period, Shengji Power procured standardized robotics solutions from us and provide system integration for its end-customers. Due to its business nature as a system integration services provider, Shengji Power's procurement from us is generally project-driven, in that it typically places orders with us only after it has secured or identified specific downstream system integration projects from its end-customers. During the Track Record Period, based on our communication with Shengji Power, our aggregate sales to it was generally in line with its aggregate revenue over the same period, indicating that the products we sold to Shengji Power were ultimately deployed and sold through to its end-customers. As such, we believe that our sales to Shengji Power are underpinned by actual downstream demand.

The large amount of the outstanding receivables from Shengji Power was primarily because Shengji Power's payment to us is generally affected by the progress of its receipt of payments from its end-customers, which in turn depends on the achievement of certain project milestone events of the entire project such as the completion of system integration, on-site deployment and end-customer acceptance. The system integration process undertaken by Shengji Power involves not only the deployment of our robotic solutions, but also a series of other workstreams, which may include the installation and integration of other hardware and equipment solutions as well as ancillary services. Delays in any of these workstreams, which are outside our control may result in end-customers withholding payment to Shengji Power, which in turn delays Shengji Power's settlement of its outstanding amounts to us. Additionally, during the Track Record Period, its customers were primarily large state-owned enterprises and prominent private companies in the energy and power sectors in China, whose strong credit profiles also support the recoverability of its trade receivables. Given our familiarity with its management and our board representation, we have a degree of visibility into its operations and are able to maintain ongoing communication with its management team, which supports our ability to monitor the progress of its end-customer projects and assess the recoverability of our trade receivables. Notwithstanding the foregoing, we are cognizant of the need to strengthen our credit risk management in respect of our sales to Shengji Power. As part of our enhanced credit control measures, we have significantly reduced our sales to Shengji Power in 2025, as reflected in the significant decrease in our sales to Shengji Power from RMB8.9 million in 2024 to RMB0.5 million in 2025. See note 31(c) and 31(d) to the Accountants' Report in Appendix I to this document.

Inventories and Contract Costs

Our inventories and contract costs primarily comprise (i) contract costs, representing costs incurred to fulfill ongoing contracts; (ii) finished goods, including robots that are fully manufactured, tested, packaged, and ready for sale; (iii) raw materials, mainly including robot structure parts, motors, drive wheels, controllers, and power batteries; and (iv) work in progress, which includes items still in production, such as partially assembled robots, or robots undergoing testing. Contract costs will be recognized as cost of revenue in the period in which revenue from the related service is recognized. The following table sets forth a breakdown of our inventories and contract costs as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Contract costs	106,037	80,043	5,319
Raw materials	9,917	4,404	5,962
Work in progress	6,311	3,556	5,931
Finished goods	14,699	14,207	32,688
Provision for impairment	(6,042)	(2,268)	—
Total	**130,922**	**99,942**	**49,900**

Our inventories and contract costs decreased from RMB130.9 million as of December 31, 2023 to RMB99.9 million as of December 31, 2024, driven by both (i) the decrease in the combined amount of raw materials, work in process and finished goods, and (ii) the decrease in the contract costs of RMB26.0 million, primarily due to our improved delivery capabilities. Our inventories and contract costs decreased from RMB99.9 million as of December 31, 2024 to RMB49.9 million as of December

31, 2025, primarily due to a decrease in the contract costs of RMB74.7 million, primarily due to our improved delivery capabilities. Our Directors are of the view that there is no material recoverability issue for our inventories given that (i) most of our inventories were aged within one year, (ii) the majority is reserved for specific and confirmed orders and is currently being fulfilled within our regular production and project execution cycles and (iii) we have performed an impairment assessment and have not identified any material write-down requirement. Our Directors further confirm that sufficient provision has been made for our inventories as of December 31, 2025.

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

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within one year	118,553	59,163	41,878
One to two years	17,840	34,021	6,412
Over two years	571	9,026	1,610
Provision for impairment	(6,042)	(2,268)	—
Total	**130,922**	**99,942**	**49,900**

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(days)	
Inventory turnover days[(1)]	532.0	251.4	125.1

Note:

(1) Inventory turnover days equal the average of opening balance and closing balance of the inventories for relevant year divided by cost of sales for the same year and multiplied by the number of days during such year.

Our inventory turnover days decreased from 532.0 days in 2023 to 251.4 days in 2024, primarily due to our enhanced inventory management efficiency (i) the adoption of a sales-driven procurement strategy, which significantly reduced our raw material stock levels, (ii) the standardization of our products resulting from CBB architecture, which lowered the inventory levels of raw materials and work-in-progress and (iii) the improvement of our delivery efficiency through standardized delivery planning and execution processes. Our inventory turnover days further decreased to 125.1 days in 2025, primarily due to our enhanced inventory management efficiency. According to Frost & Sullivan, our inventory turnover days during the Track Record Period were comparable to industry peers.

As of February 28, 2026, RMB5.7 million, or 11.4%, of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables represent amounts due from customers for our solutions. The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Trade receivables, net of loss allowance			
— third parties	44,892	134,022	230,783
— related parties	3,889	12,022	11,065
Bills receivables	2,206	831	5,530
Total	**50,987**	**146,875**	**247,378**

As of December 31, 2023, 2024 and 2025, the balance of our trade and bills receivables were RMB51.0 million, RMB146.9 million and RMB247.4 million, respectively. The balance of our trade and bills receivables has generally increased over time during the Track Record Period, reflecting our business growth.

The following table sets forth an aging analysis of our trade and bills receivables, including a related provision for impairment, based on the recognition date as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within one year	31,683	122,325	182,112
One year to two years	14,878	18,723	59,292
Over two years	4,426	5,827	5,974
Total	**50,987**	**146,875**	**247,378**

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

	Year ended December 31,		
	2023	**2024**	**2025**
		(days)	
Trade and bills receivables turnover days(1)	165.9	139.7	208.9

Note:

(1) Trade and bills receivables turnover days equal the average of opening balance and closing balance of trade and notes receivables for relevant year divided by total revenue for the same year and multiplied by the number of days during such year.

Our trade and bills receivables turnover days decreased from 165.9 days in 2023 to 139.7 days in 2024, as we enhanced our collection efforts. Our trade and bills receivables turnover days increased from 139.7 days in 2024 to 208.9 days in 2025. We seek to maintain stable and long-term relationships with our customers and, as part of this strategy, we offer extended credit terms to certain customers. These customers primarily comprise those with a repurchase history or customers that demonstrated strong creditworthiness, such as listed companies, state-owned enterprises, leading companies in their respective industries and strategic customers with whom we intended to deepen our cooperation. For such customers, the average extended credit terms (including the original contractual credit terms), weighted by the respective trade receivables balances, ranged from approximately 150 days to 270 days as of December 31, 2023, 2024 and 2025. Our trade receivables turnover days are also affected by the payment cycles of certain customers, whose payments to us are in turn dependent on the timing of payments from their own end-customers. The timing of such payments typically depends on project milestones, including completion of system integration, on-site deployment and/or end-customer acceptance of the relevant project. In addition, certain customers' payment schedules are influenced by their internal budget approval and settlement procedures, which may be extended or delayed due to factors beyond our control. During the Track Record Period to the Latest Practicable Date, we did not have any litigation or material dispute with these customers.

During the Track Record Period, our trade and bills receivables turnover days were longer than the contractual credit terms ranging from 30 to 120 days that we generally granted to our customers during the same period. This was primarily due to the reasons mentioned above. According to Frost & Sullivan, our trade and bills turnover days during the Track Record Period were in line with the market practice.

To effectively manage our cash flow, we utilized bank acceptance bills and bank loans to settle our trade payables, which effectively extended the cash outflow cycle on our payable side and mitigated the cash flow impact of the longer receivable turnover days. See "— Trade and Bills Payables."

We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. We measures loss allowances for trade and bills receivables at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between different customer bases.

In order to achieve timely settlement of our trade and bills receivables, we have proactively made collection efforts with our customers, including (i) closely monitoring the status of our trade receivables, (ii) conducting periodic reviews of trade receivables status and collection progress through our customer relationship management system, and (iii) timely communicating with relevant parties and reminding them of payments through various channels.

As of February 28, 2026, RMB35.5 million, or 14.4%, of our trade and bills receivables as of December 31, 2025 had been subsequently settled. Based on our credit risk policy and the credit profiles of our customers, we do not anticipate any material recoverability issue with our trade and bills receivables.

Trade and Bills Payables

Our trade and bills payables primarily consist of outstanding amounts owed to third parties, including payments for goods, labor fees associated with project implementation, and transportation costs. The following table sets forth our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables			
— third parties	52,582	111,714	153,089
— related parties	—	3,395	1,488
Bills payables	22,573	20,213	34,661
Total	**75,155**	**135,322**	**189,238**

As of December 31, 2023, 2024 and 2025, our trade and bills payables were RMB75.2 million, RMB135.3 million and RMB189.2 million, respectively. The increases in our trade and bills payables during the Track Record Period were primarily due to our increased procurement of raw materials to meet market demands.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within one year	69,884	108,877	148,695
One year to two years	2,269	23,735	25,934
Over two years	3,002	2,710	14,609
Total	**75,155**	**135,322**	**189,238**

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

	Year ended December 31,		
	2023	**2024**	**2025**
		(days)	
Trade and bills payables turnover days(1)	276.7	229.2	271.0

Note:

(1) Trade and bills payables turnover days equal the average of the opening and closing balances of trade and bills payables for relevant year divided by total cost of sales for the same year and multiplied by the number of days during such year.

Our trade and bills payables turnover days decreased from 276.7 days in 2023 to 229.2 days in 2024, primarily as we accelerated acceptance of our solutions by the end of the year. Our trade and bills payables turnover days increased from 229.2 days in 2024 to 271.0 days in 2025, primarily due to our established relationships with our suppliers and enhanced bargaining power resulting from greater procurement as our business expanded.

During the Track Record Period, our trade and bills payables turnover days were longer than the credit terms granted to us by our suppliers. The discrepancy is primarily attributable to (i) our centralized and strategic approach to managing our working capital, whereby payment schedules to suppliers are aligned with cash inflows from operations, considering the extended payment cycles of our major customers and (ii) the settlement cycle of bank acceptance bills, which extends the effective payment period beyond the stated credit terms, as the turnover days reflect the full period from invoice date to final settlement of the bills rather than the nominal credit period alone. We are able to maintain such payment schedules with suppliers because we have established stable, long-term relationships with our suppliers and enhanced our bargaining power resulting from greater procurement volumes as our business expanded.

During the Track Record Period, we encountered a cash flow mismatch, which was primarily because our inventory and trade receivables turnover days were longer than our trade payables turnover days in the same period. See "Risk Factors — Risk related to our financial condition and need for additional capital — Our cash conversion cycle is long and our cash flow may fluctuate due to customers' payment."

To effectively manage the cash flow mismatch that our inventory turnover days and trade and bills receivables turnover days were longer than our trade payables turnover days, we use bank acceptance bills and bank loans to settle trade payables. As of February 28, 2026, our committed unutilized banking facilities amounted to RMB166.9 million, which were sufficient to provide us with flexibility and timely access to funding for our operations. We also monitor our cash flow positions and forecast our liquidity requirements regularly, so that we can arrange financing as needed in advance. Our management reviews our inventory, trade and bills receivables and trade and bills payables positions on an ongoing basis to identify and address any significant mismatches and take appropriate actions where necessary.

As of February 28, 2026, RMB46.3 million, or 24.4%, of our trade and bills payables as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets — Current

The current portion of our prepayments, other receivables and other assets primarily consist of (i) deductible input value-added tax (VAT), (ii) advance payments to suppliers for parts and components of robots, (iii) deposits paid upfront to secure services, rental agreements, or bidding process. As of December 31, 2023, 2024 and 2025, the balance of our prepayments, other receivables and other current assets was RMB10.9 million, RMB31.8 million and RMB45.6 million, respectively. The balance of the current portion of our payments, other receivables and other assets has generally increased during the Track Record Period, reflecting our overall business expansion.

Cash and Cash Equivalent

As of December 31, 2023, 2024 and 2025, our cash and cash equivalents amounted to RMB75.8 million, RMB131.3 million and RMB243.4 million, respectively. Our cash and cash equivalents primarily consist of cash held at banks and other financial institutions, readily accessible on demand to support our operational and liquidity needs.

Contract Liabilities

Contract liabilities mainly arise from the advance payments made by customers before we recognize the related revenue. Our contract liabilities decreased from RMB83.3 million as of December 31, 2023 to RMB67.4 million as of December 31, 2024, primarily because we recognized revenue for certain projects upon the acceptance in 2024. Our contract liabilities decreased from RMB67.4 million as of December 31, 2024 to RMB12.6 million as of December 31, 2025, primarily because we recognized revenue for certain large-scale projects applied in the lithium battery industry upon the acceptance in 2025. The following table sets forth the aging analysis of our contract liabilities as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within one year	62,731	21,814	8,498
One to two years	17,833	33,021	3,191
Over two years	2,702	12,582	885
Total	**83,266**	**67,417**	**12,574**

Other Payables and Accruals

Our other payables and accruals consist primarily of (i) payroll payables; (ii) payable to universities for R&D cooperation; (iii) output value added tax to be transferred; (iv) payable to employee for reimbursement; (v) other tax payables and (vi) other payables and accruals. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Payroll payables	12,598	9,207	6,617
Payable to universities for R&D cooperation	—	8,201	—
Output value added tax to be transferred	5,230	34,886	52,102
Payable to employee for reimbursement	1,964	3,404	3,059
Other tax payables	722	745	1,118
Other payables and accruals	4,933	4,526	21,972
Total	**25,447**	**60,969**	**84,868**

As of December 31, 2023, 2024 and 2025, the balance of our other payables and accruals was RMB25.4 million, RMB61.0 million and RMB84.9 million, respectively. The changes in our other payables and accruals over time was primarily influenced by output value added tax to be transferred as our business continued to grow.

Deferred Income

Deferred income represents government grants, which were primarily received for our research and development and production projects and are recognized as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed. We recorded deferred income of RMB0.5 million, RMB2.7 million and RMB0.3 million as of December 31, 2023, 2024 and 2025, respectively. Such fluctuations were primarily due to the joint impact of new grants received and the amount released to profit or loss during the relevant periods.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Our Directors are of the opinion that, taking into account of the financial resources available to us, including (i) cash and cash equivalents, (ii) available bank facilities, and (iii) the estimated **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) purchases of property, plant and equipment, (iii) payments for intangible assets, (iv) principal payments of lease liabilities, and (v) interest paid for lease liabilities. Our historical cash burn rate was RMB9.0 million, RMB7.8 million and RMB16.4 million for each of the years ended December 31, 2023, 2024 and 2025, respectively, mainly representing our investment in R&D activities and business operations. During the Track Record Period, we recorded expenditure in purchase of property and equipment primarily due to our procurement and lease of computing hardware and offices, for the operation activities and R&D activities in line with our business expansion.

We had cash and cash equivalents, and available bank facilities of RMB427.3 million in aggregate as of December 31, 2025. We estimate that we will receive **[REDACTED]** of RMB**[REDACTED]** (HK$**[REDACTED]**) after deducting the **[REDACTED]** commissions and other estimated **[REDACTED]** payable by us in connection with the **[REDACTED]**, assuming no **[REDACTED]** is exercised and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** in this document.

Assuming that the average cash burn rate going forward will be RMB16.4 million, similar to the cash burn rate level for the the year ended December 31, 2025 based on the underlying assumptions that (i) the number of our employees will not increase significantly, particularly in the R&D department; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions of fixed assets, we estimate that our cash and cash equivalents, and available bank facilities as of December 31, 2025 will be able to maintain our financial viability for **[REDACTED]** months or, if we take into account 10% of the estimated **[REDACTED]** from **[REDACTED]** (namely, the portion allocated for our working capital and other general corporate purposes), **[REDACTED]** months or, if we also take into account the estimated **[REDACTED]** from **[REDACTED]**, **[REDACTED]** months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings.

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash used in operating activities	(94,414)	(79,457)	(185,006)
Net cash used in investing activities	(6,843)	(7,042)	(3,900)
Net cash generated from financing activities	93,774	141,998	300,997
Net (decrease)/increase in cash and cash equivalents	(7,483)	55,499	112,091
Cash and cash equivalents at the beginning of the year	83,315	75,832	131,331
Cash and cash equivalents at the end of the year	75,832	131,331	243,422

Net Cash Used in Operating Activities

For the year ended December 31, 2025, we had net cash used in operating activities of RMB185.0 million, which was primarily attributable to our loss before taxation of RMB384.3 million, adjusted for certain non-cash and non-operating items, primarily including changes in the carrying amount of the redemption liabilities of RMB249.4 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and bills payables of RMB53.9 million, partially offset by an increase in trade and bills receivables of RMB112.5 million.

For the year ended December 31, 2024, our net cash used in operating activities was RMB79.5 million, which was primarily attributable to our loss before taxation of RMB200.2 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) changes in the carrying amount of the redemption liabilities of RMB108.8 million and equity-settled share-based payment expenses of RMB10.2 million. The amount was further adjusted by changes in working capital. The changes in working capital were primarily including (i) an increase in trade and bills payables of RMB60.2 million, partially offset by an increase in trade and bills receivables of RMB104.2 million.

For the year ended December 31, 2023, our net cash used in operating activities was RMB94.4 million, which was primarily attributable to our loss before taxation of RMB260.0 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) changes in the carrying amount of the redemption liabilities of RMB118.5 million and equity-settled share-based payment expenses of RMB10.1 million. The amount was further adjusted by changes in working capital. The changes in working capital were primarily attributable to (i) an increase in trade and bills payables of RMB28.1 million, and (ii) an increase in contract liabilities of RMB38.2 million, partially offset by an increase in inventories of RMB27.2 million.

Net Cash Used in Investing Activities

For the year ended December 31, 2025, we had net cash used in investing activities of RMB3.9 million, primarily due to purchases of property, plant and equipment.

For the year ended December 31, 2024, we had net cash used in investing activities of RMB7.0 million, primarily due to purchases of property, plant and equipment, partially offset by proceeds from the disposal of equipment.

For the year ended December 31, 2023, we had net cash used in investing activities of RMB6.8 million, primarily due to purchases of property, plant and equipment and investments in wealth management products and other investments, partially offset by proceeds from the redemption of wealth management products and the disposal of equipment.

Net Cash Generated from Financing Activities

For the year ended December 31, 2025, we had net cash generated from financing activities of RMB301.0 million, attributable to proceeds from bank loans and capital contribution by investors, partially offset by repayment of bank loans, interest of bank loans paid and capital element of lease rentals paid.

For the year ended December 31, 2024, we had net cash generated from financing activities of RMB142.0 million, primarily due to proceeds from bank loans and capital contribution by investors, partially offset by repayment of bank loans, interest of bank loans paid and capital element of lease rentals paid.

For the year ended December 31, 2023, we had net cash generated from financing activities of RMB93.8 million, primarily due to proceeds from bank loans and capital contribution by investors, partially offset by Capital element of lease rentals paid.

We have adopted following measures to improve our net operating cash outflows position: (i) enhancing our receivables collection strategy by optimizing payment terms at the contract negotiation stage, including requiring higher upfront deposits and strengthening project-level collection management by proactively following up on outstanding receivables, (ii) managing expenditure through bank acceptance bills and bank loans to extend payment cycles to suppliers in a cost-effective manner and to better align cash outflows with cash inflows and (iii) strengthening inventory management to reduce unnecessary inventory holding and accelerate inventory turnover. Going forward, we will continue to monitor our cash conversion cycle, including receivables, inventory and payables turnover, and will further refine our credit control, collection and working capital policies to sustain improvements in our operating cash flow.

Cash Operating Cost

The following table sets forth key information relating to our cash operating costs for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Research and development costs(1)	23,295	25,341	39,097
Workforce employment(2)	101,089	105,521	120,457
Direct production costs, including materials(3)	75,279	157,533	209,393
Product marketing(4)	22,757	26,360	37,183
Non-income taxes, royalties and other governmental charges(5)	851	528	319
Total	223,271	315,283	406,449

Notes:

(1) Research and development costs under cash operating costs represent research and development expenses (excluding employee benefit expenses and non-cash items under research and development expenses) adjusted by changes in working capital relating to research and development activities as of the previous and current year end.

(2) Cash operating costs relating to workforce employment represent the sum of employee benefit expenses under research and development expenses, general and administrative expenses, costs of sales and selling and marketing expenses (excluding share-based payments expenses which are non-cash in nature) adjusted by changes in working capital relating to employee benefit expenses as of previous and current year end under the above operating expenses.

(3) Cash operating costs relating to direct production costs, including materials, represent the cost of revenue (excluding employee benefit expenses and non-cash items under contract costs) adjusted by changes in working capital relating to service as of the previous and current year end.

(4) Cash operating costs relating to product marketing represent the selling and marketing expenses (excluding employee benefit expenses and non-cash items under selling and marketing expenses) adjusted by changes in working capital relating to sales and distribution activities as of the previous and current year end.

(5) Cash operating costs relating to non-income taxes, royalties and other governmental charges mainly represent payment of VAT, stamp duty, taxes and surcharges.

INDEBTEDNESS

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Bank loans				
Bank loans — unsecured and guaranteed	32,039	86,275	200,103	200,103
Bank loans — unsecured and unguaranteed	—	18,051	—	—
Lease liabilities				
Current	7,167	7,719	4,224	3,239
Non-current	9,103	6,947	4,103	3,810
Redemption liabilities	1,227,221	1,456,061	2,121,122	2,139,754
Total	**1,275,530**	**1,575,053**	**2,329,552**	**2,346,906**

Bank Loans

As of December 31, 2023, 2024, 2025 and February 28, 2026, our bank loans amounted to RMB32.0 million, RMB104.3 million, RMB200.1 million, and RMB200.1 million, respectively. During the Track Record Period, the interest rates of bank loans ranged from 1.91% to 4.40% per annum. Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans in China. As of February 28, 2026, we had committed unutilized banking facilities of RMB166.9 million, primarily with a tenor of up to one year, from credible banks with whom we have long-term business relationships, which were available for drawdown without any significant further conditions precedent. Such banking facilities are guaranteed by our Company and the guarantee contracts are expected to be released prior to listing. We do not anticipate any material changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to obtain bank financing on favorable terms or at all. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. For more details, see Note 23 of the Accountants' Report set forth in Appendix I to this document.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease for our offices and production facilities. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we recognized total lease liabilities of RMB16.3 million, RMB14.7 million, RMB8.3 million and RMB7.0 million. The fluctuation in our lease liabilities was primarily due to depreciation recognized during the lease term.

Redemption Liabilities

Redemption liabilities represent redemption liabilities of Shares with special rights held by **[REDACTED]** Investors. As of December 31, 2023, 2024 and 2025, our redemption liabilities amounted to RMB1,227.2 million, RMB1,456.1 million and RMB2,121.1 million, respectively. The increases were primarily due to additional equity financing.

Indebtedness Statement

Save as disclosed above, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since February 28, 2026 and up to the date of this document.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, we did not have capitalized research and development expenses. The table below sets forth our annual and total R&D expenditure for the years indicated.

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Annual R&D expenditure			
Research and development expenses	67,425	62,398	83,023
Add: intangible assets related to R&D software acquired from third parties and capitalized	—	—	—
Less: Amortization expenses of capitalized intangible assets included in R&D expenditure	—	—	—
	67,425	62,398	83,023
Total R&D expenditure for the three financial years prior to the [REDACTED]			212,846

The table below sets forth our annual and total operating expenditure for the years indicated.

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Annual total operating expenditure			
Research and development expenses	67,425	62,398	83,023
Selling and marketing expenses	53,860	62,487	77,242
General and Administrative expenses	52,746	56,051	87,314
Adjustments:			
Add: Intangible assets related to R&D software acquired from third parties and capitalized	—	—	—
Less: amortization expenses of capitalized intangible assets included in R&D expenditure	—	—	—
	174,031	180,936	247,574
Total operating expenditure for the three financial years prior to the [REDACTED]			602,541

The table below sets forth our annual R&D expenditure ratio and the total R&D ratio for the years indicated.

	Years ended December 31,		
	2023	**2024**	**2025**
Annual R&D operating ratio[(1)]	38.7%	34.5%	33.5%
Total R&D expenditure ratio[(2)]			35.2%

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to the **[REDACTED]** by total operating expenditure for the three financial years prior to the **[REDACTED]**.

CAPITAL EXPENDITURES

Our capital expenditures consisted of purchase of property, plant and equipment, amounting to RMB6.0 million, RMB6.4 million and RMB3.3 million in 2023, 2024 and 2025, respectively.

We expect to incur additional capital expenditures in 2026, primarily for the purchase of property, plant and equipment. We expect to finance our capital expenditures through existing cash on hand, bank loans and the **[REDACTED]** from the **[REDACTED]**. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we did not have any capital commitments contracted for but not yet provided. Our Directors confirm that there had been no material change in our capital commitments since December 31, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since December 31, 2025 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		
	2023	**2024**	**2025**
Gross profit margin	26.1%	35.2%	36.5%
Current ratio[(1)]	0.2	0.2	0.3
Quick ratio[(2)]	0.1	0.2	0.2

Notes:

(1) Current ratio equals total current assets divided by total current liabilities as of the date indicated. Total current liabilities included redemption liabilities, which will be reclassified to equity upon the **[REDACTED]**.

(2) Quick ratio is calculated by dividing current assets less inventories and contract costs by current liabilities as of the date indicated. Total current liabilities included redemption liabilities, which will be reclassified to equity upon the **[REDACTED]**.

FINANCIAL RISK MANAGEMENT

Our principal financial instruments mainly include cash and cash equivalents, and trade and bills receivables. The key risks associated with our financial instruments include foreign currency risk, credit risk, and liquidity risk. Our Directors regularly review these risks and establish policies to manage and mitigate their impact effectively. For details, see Note 29 to the Accountants' Report included in Appendix I to this document.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties.

See Note 31 to Appendix I to this document. Our Directors believe that these transactions were conducted on normal commercial terms and on an arm's length basis in the ordinary and usual course of business, and did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDEND POLICY

No dividend was paid or declared by our Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. According to applicable PRC laws and the Company's Articles of Association, the Company is legally prohibited from declaring and paying dividends in presence of accumulated losses. Any profit distribution must strictly adhere to the statutory sequence as follows: first, offsetting all accumulated losses from prior years; second, setting aside 10% of the after-tax profits to the Company's statutory reserve. A company may choose not to do so if its aggregate statutory reserve reaches 50% or more of its registered capital. After these aforementioned appropriations may any remaining profits be distributed to shareholders. Additionally, upon completion of the statutory allocation sequence, the shareholders' meeting may resolve to allocate a discretionary reserve. If such a reserve is established, the remaining profit could only be distributed to shareholders after all the above allocations — including both the statutory allocation sequence and the shareholders' meeting resolution — have been completed. A company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to reserve funds as mentioned above. As advised by our PRC Legal Advisor, our Company cannot pay dividends if it is in an accumulated loss position. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

DISTRIBUTABLE RESERVES

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

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** commission and other fees incurred in connection with the **[REDACTED]**. **[REDACTED]** to be borne by us are estimated to be approximately RMB**[REDACTED]** (HK$**[REDACTED]**), comprising: (i) **[REDACTED]** fees of RMB**[REDACTED]** (HK$**[REDACTED]**); and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB**[REDACTED]** (HK$**[REDACTED]**); and (b) other fees and expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), assuming the **[REDACTED]** is not exercised and based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the **[REDACTED]**), approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of which is expected to be deducted from equity upon the completion of the **[REDACTED]**. The **[REDACTED]** are expected to represent approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, assuming an **[REDACTED]** of

HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**) and that the **[REDACTED]** is not exercised. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the end date of the period reported on in the Accountants' Report in Appendix I to this document) and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix IIA to this Document.