

BUSINESS

WHO WE ARE

We are China’s largest and fastest-growing pop toy collection brand. In 2025, we achieved GMV of RMB4.2 billion in Chinese Mainland, and our self-developed products accounted for over 55% of revenue — the highest among Chinese pop toy collection brands, according to Frost & Sullivan. From 2023 to 2025, we achieved a GMV CAGR exceeding 50%, making us the fastest-growing pop toy collection brand in China, according to Frost & Sullivan.

Since the launch of our first store in December 2020, we have established a fully integrated platform across the pop toy value chain. Leveraging deep insights into pop toy enthusiasts, we have developed industry-leading, consumer-oriented product design and IP operation capabilities. We have successfully built a comprehensive and expanding IP matrix driven by proprietary, licensed and third-party IPs, and created a pop toy universe with a diverse product portfolio. This product portfolio, including model figures, 3D building blocks, vinyl plush toys and others, enables us to meet the diverse needs of pop toy consumers and continuously expand our customer base. Through broad channel consumer reach, we ensure every consumer can experience the pure joy of pop toys and find their unique source of fun and emotional connection.



Notes:

- (1) Based on the Frost & Sullivan Report. Largest and highest proportion based on 2025 GMV in Chinese Mainland. Fastest-growing based on GMV CAGR from 2023 to 2025.
- (2) As of the Latest Practicable Date.
- (3) Including Tmall, Pinduoduo, JD.com, Douyin, Rednote, Weixin mini-program, and Meituan, among others.

BUSINESS

Our Journey

2020 — Inception: TOP TOY was incubated within the MINISO Group by leveraging MINISO’s consumer insights and deep retail expertise. Our first store opened in December 2020, followed by nearly 90 additional stores within a year. By utilizing MINISO’s mature global retail network, efficient supply chain management, and profound digital and consumer insight, we quickly entered and became a leader in the high-growth pop toy industry.

2021-2023 — Growth: We focused on full life-cycle operation and derivative creation of internationally renowned IPs with long lifecycles and broad fan bases. Through continual refinement and iteration of self-developed products and ongoing incubation of proprietary IPs, we implemented a dual-engine strategy including both self-developed and third-party products, with increasing self-developed product contribution and gross margin. Thanks to this strategy, we achieved over RMB1 billion in annual GMV in 2023. According to Frost & Sullivan, we are the fastest among Chinese pop toy brands to achieve this milestone.

2024-2025 — Globalization: Leveraging our enhanced product capabilities, brand momentum, and proven business model, we began expanding overseas, entering Thailand, Malaysia, Indonesia and Japan, and are continuing to execute our globalization strategy. As of the Latest Practicable Date, we have established 39 overseas stores.

This journey brought us to where we stand today. We have accumulated a substantial customer base, high brand awareness, and a broad sales network, becoming the largest and fastest-growing pop toy collection brand in China. Our revenue increased from RMB1,461.1 million in 2023 to RMB3,587.0 million in 2025, representing a CAGR of 56.7%. Our gross margin also increased from 31.4% in 2023 to 32.1% in 2025. Revenue contribution from our self-developed products increased from 53.6% of our total revenue from sales of pop toy products in 2023 to 56.7% in 2025.

OUR FULLY INTEGRATED POP TOY PLATFORM

We have built a fully integrated platform centered on maximizing IP value, covering all key segments of the industry value chain, which forms our unique competitive advantages.

IP Matrix and Operations

Through a diversified IP strategy, we have established a rich and high-quality IP resource pool, forming a comprehensive and expanding IP matrix that integrates proprietary, licensed, and third-party IPs. This approach is supported by our strong product R&D and design capabilities and expertise in derivative IP creation and operations. By constantly introducing proprietary IPs and partnering with renowned licensors such as Sanrio, Disney and Crayon Shin-chan, we ensure our portfolio remains dynamic and adaptive to market trends, enabling us to meet the diverse needs of all consumer groups with flexibility and speed.

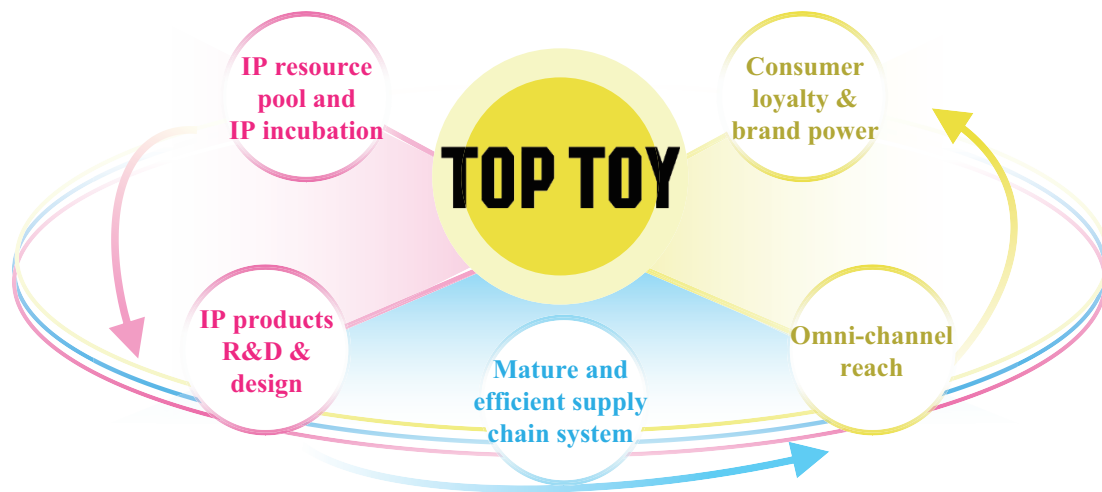
BUSINESS

Sales and Distribution Network

We have established broad and omni-channel consumer reach. Our offline store network offers immersive, interactive experiences and strong brand visibility, serving as a prime venue for direct consumer engagement. This allows us to gather direct and real-time feedback that informs our product design and channel selection strategies. In addition to our own Tmall flagship store and mini-programs, our products are available through other major Chinese e-commerce platforms, emerging content commerce platforms, large retailers such as Sam’s Club and Don Don Donki, and a variety of other retail channels. We are also expanding into emerging overseas markets through adaptable business models.

End-to-End Integration

According to Frost & Sullivan, we are among the few brands in the industry to achieve comprehensive coverage of IP incubation, operation, and direct consumer engagement and a leading position across the entire pop toy value chain. Our strong IP operations enable us to create products that resonate with consumers and foster emotional connections through our omni-channel network. In terms of production, we provide design molds, engage in close collaboration with a network of qualified manufacturing partners, and implement rigorous quality control and supply chain management systems to improve manufacturing process and ensure our standards are consistently met. As a fully integrated pop toy platform, we build strong ecosystem partnerships, creating a virtuous cycle that maximizes IP value and promotes pop toy culture.



MARKET OPPORTUNITIES

China’s pop toy market is experiencing rapid growth. According to Frost & Sullivan, its market size grew from RMB24.9 billion in 2020 to RMB87.5 billion in 2025 (representing a CAGR of 28.6%) and is expected to grow from RMB126.4 billion in 2026 to RMB331.0 billion by 2030 (representing a CAGR of 27.2%). In the future, pop toys are expected to diversify into a wider array of product categories, with consumer experiences becoming more integrated and multifaceted, delivering highly immersive, scenario-based interactions.

BUSINESS

Globally, as Gen Z and younger consumers increasingly seek individuality, IP-driven culture, and collectible value, the global pop toy market is also experiencing rapid growth opportunities. According to Frost & Sullivan, the global pop toy industry grew from US\$21.5 billion in 2020 to US\$53.7 billion in 2025 (representing a CAGR of 20.1%). The market is further projected to expand from US\$72.8 billion in 2026 to US\$160.1 billion by 2030 (representing a CAGR of 21.8%).

As the largest and fastest-growing pop toy collection brand in China, with a fully integrated platform and an expanding global presence, we are well positioned to capture future industry growth opportunities in China and internationally.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and set us apart from our competitors:

Robust Brand Momentum and Commercialization Capabilities

We operate China’s largest and fastest-growing pop toy collection brand, with well-established brand identity. Our store network covering more than 90 cities in Chinese Mainland provides consumers with a one-stop, multi-IP, all-category, and multi-scenario pop toy experience, making us the top choice for pop toy consumers. In 2025, our GMV in Chinese Mainland reached RMB4.2 billion, ranking first among pop toy collection brands in China, according to Frost & Sullivan.

Our robust brand momentum and commercialization capabilities have allowed us to aggregate core resources across the industry value chain, fostering a symbiotic and mutually beneficial ecosystem that attracts partners from all segments:

An Incubator for Artistic Talent: We serve as an incubator for independent artists, empowering them to realize their artistic visions by providing comprehensive support from initial concept to mass production. These partnerships have resulted in the successful incubation of proprietary IPs such as Strong Lucky Cat, A Gyun, and Nommi.

A Preferred Partner for Global IPs: We are a trusted partner for global IP licensors seeking to enter the pop toy category. We have established stable and deep collaborations with top-tier global IP partners, including industry leaders like Sanrio, Disney and Crayon Shin-chan.

An In-Demand Products Provider for Pop Toy Channels: We provide products that are popular among global pop toy channels. Leveraging our high-quality IP portfolio, we develop, design, and produce pop toys across multiple categories, including model figures, 3D building blocks, and vinyl plush toys, for pop toy channels worldwide.

BUSINESS

A Powerful Platform for Third-Party Brands: We offer a platform for other pop toy brands to gain significant brand exposure. We collaborate with renowned brands such as Bandai and Pokémon to enhance our premium product selection and collectively foster an expanding pop toy ecosystem.

A Preferred Tenant for Premier Real Estate: We are a preferred tenant for core commercial districts, frequently receiving invitations from premium shopping malls to open stores in prime locations. Our brand’s appeal attracts young and family-oriented customer segments, serving as a key driver for improving customer traffic and overall vitality for these malls. This allows us to consistently secure prime retail locations, attracting higher foot traffic, reinforcing our brand image, and driving our business growth.

A Sought-After Partner for Retail Partners: We are a sought-after partner for high-quality retailers. Numerous retailers with strong local resources proactively seek to collaborate with us, leveraging our brand influence and product appeal to efficiently and successfully replicate our store model nationwide.

Our exceptional product appeal and immersive pop toy consumer experiences drove over 80 million visits to our stores in 2025. We have cultivated a membership base exceeding 12 million, one of the largest in the pop toy industry, according to Frost & Sullivan. According to Frost & Sullivan’s consumer research, more consumers consider TOP TOY as their most preferred pop toy collection brand than any other brand, and 83.2% of consumers indicated they would continue to buy pop toys from us.

Our brand momentum has also extended to neighboring countries and regions. In 2025, we entered the Southeast Asian market and East Asian market, where our single-store sales performance significantly exceeded the domestic average. We continue to enter more overseas markets.

We have been recognized with prestigious awards such as the “2023-2024 Forbes China New Retail Potential Enterprises TOP 50” and the “2024 Asian Licensing Excellence Awards — Licensee of the Year (Toys).” Moving forward, we will continue to strengthen our brand recognition and build a world-class pop toy brand originating from China.

Diverse IP Matrix with Unique IP Crossover Strategies

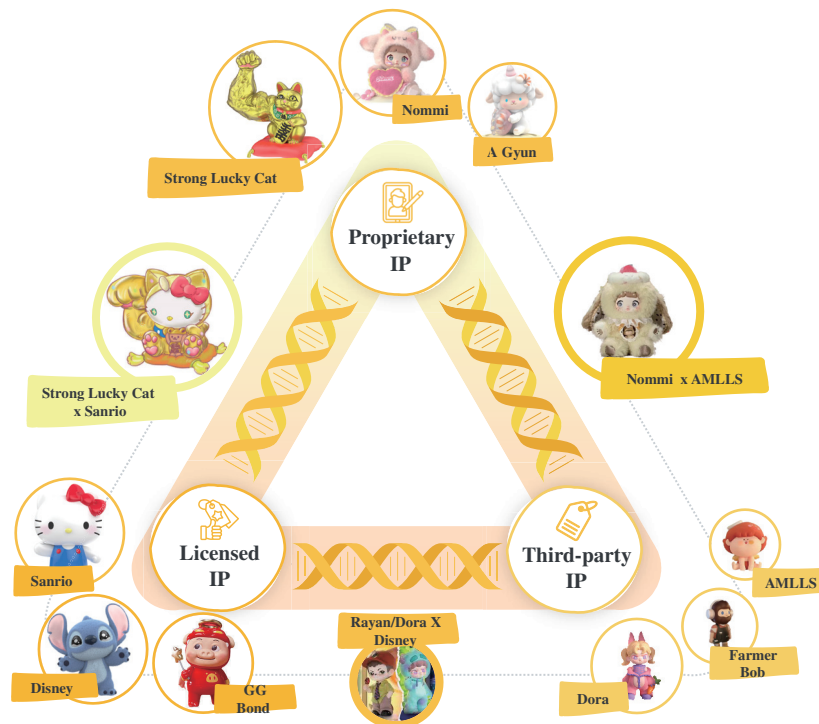
We boast a rich and diverse IP portfolio, driven by the synergistic co-creation and deep integration of our proprietary, licensed, and third-party IPs. We sign designers and incubate our own IPs while forging partnerships with third-party IP holders. We create a unique competitive advantage by fostering interaction between these IPs through co-branded creations and cross-community engagement, enabling them to mutually reinforce one another. This approach generates a “flywheel effect,” where our diverse IP portfolio continually expands our fan base, deepens engagement, and drives growth in both traffic and product sales.

BUSINESS

We incubate proprietary IPs to capture evolving consumer demands and build core value through our original creations. We believe that proprietary IPs are a core element of brand differentiation and a long-term entry barrier for the pop toy industry. We have established an in-house IP incubation team that has created many popular proprietary IP characters. We are dedicated to promoting these proprietary IPs to expand their reach across diverse markets, foster deeper audience engagement, and drive sustained growth. We also identify and sign talented designers and artists, supporting them through our full-chain capabilities in design, production, and sales, which allows us to unlock the value of niche IPs while maintaining flexibility in IP selection.

We also possess a large portfolio of licensed IPs. We have established stable and deep collaborations with top-tier global IP partners, including Sanrio, Disney and Crayon Shin-chan, as well as renowned Chinese IP partners like GG Bond. These popular IPs have large, established fan bases and high recognition, allowing us to quickly reach global consumers and meet diverse market demands. This strategy also mitigates risks associated with fluctuations in any single IP’s popularity. We have reinterpreted over 40 licensed IPs. We also continually unlock IP value through frequent and diverse collaborations, including IP crossovers, artist collaborations, and brand partnerships.

In addition, we leverage over 660 third-party IPs, enabling us to develop a diversified and expanding IP matrix that continually expands our fan base and increases traffic.



BUSINESS

Comprehensive and Focused Product Portfolio

Leveraging our deep insights into pop culture and consumer demand, we have cultivated deep expertise in our three main product categories — model figures, 3D building blocks, and vinyl plush toys — while our “X-Category” mechanism allows us to rapidly seize additional market opportunities, covering a diverse range of products including ball-jointed dolls (BJDs) and Ichiban Kuji. This multi-IP, all-category product mix satisfies a diverse array of consumer needs. Our forward-thinking product R&D and selection capabilities, combined with strong product quality and a deeply engaging co-creation system, enable us to continually create and launch blockbuster products.

We focus on the industry’s fastest-growing major categories:

- *Model Figures*: Our largest category by volume. In 2025, it accounted for 51% of revenue from sales of pop toy products, with a 2023-2025 CAGR of 32%.
- *3D Building Blocks*: Our category with the broadest demographic reach. We achieve differentiation by integrating IPs and engaging themes such as science and technology into our 3D building blocks. In 2025, this category accounted for 11% of revenue from sales of pop toy products, with a 2023-2025 CAGR of 10%.
- *Vinyl Plush Toys*: Our fastest-growing category. Its revenue increased from RMB1.1 million in 2023 to RMB63.8 million in 2024 and RMB1,102.4 million in 2025. For example, our Sanrio vinyl plush toys generated GMV of over RMB358 million during the Track Record Period.

For our self-developed products, our in-house development team leverages data from our stores and members to iterate on designs. We focus on creating scarcity through exclusive releases and upgrading playability and craftsmanship. Revenue contribution from our self-developed products increased from 53.6% of our total revenue from sales of pop toy products in 2023 to 56.7% in 2025. For third-party products, we have a multi-level screening system to ensure quality and brand alignment, allowing us to enrich our offerings and create unique consumer experiences.

Omni-channel and Expanding Sales Network

Our omni-channel sales network is built on a strong foundation of offline retail locations, supplemented by dynamic online and distribution channels. This network enables us to reach and engage deeply with pop culture consumers across different countries and regions.

Our offline presence is primarily composed of flagship and main line stores, complemented by other formats like pop-up stores to achieve rapid, large-scale expansion. As of December 31, 2025, we had 334 TOP TOY stores globally.

BUSINESS

Directly Operated Stores as Urban Pop Culture Landmarks: Our directly operated stores typically occupy prime locations. For example, in March 2025, we opened our first global flagship store on Nanjing Road in Shanghai. The opening was accompanied by a two-day pop toy carnival, blending a unique store experience with engaging activities, a curated product selection for a broad audience, and dynamic displays. This led to a rapid surge in popularity and sales, with sales exceeding RMB7 million in August 2025, establishing it as a local pop toy landmark.

A “Retail Partner” Model Unique to the Pop Toy Industry: Leveraging our industry and operational experience, a market-validated business model, and our mature supply chain, we provide TOP TOY Retail Partners with comprehensive store management and consultation services, while TOP TOY Retail Partners shoulder capital investments and operating expenses. This asset-light operation model allows us and TOP TOY Retail Partners to leverage respective strengths, driving rapid store growth while achieving a high success rate. Our store count doubled from 2023 to 2025.

Innovative Pop-up Stores and Events: We create unique consumer experiences by collaborating with different IPs to host themed pop-up stores. In May 2025, we opened a Chiikawa pop-up store in Shanghai, which was met with enthusiastic reception from fans. In a space of just 46 square meters, we achieved opening month sales of over RMB10 million. As of December 31, 2025, we had launched 28 pop-up stores, effectively increasing brand exposure and driving sales conversion.

In addition to TOP TOY stores, our sales network is supplemented by online direct sales and distribution channels:

Full Coverage of Offline Distribution Channels: We have developed deep collaboration with major distributors. As of December 31, 2025, we had 215 distributors. In 2025, sales to offline distributors accounted for over 55% of our revenue. MINISO Group’s network of over 8,100 stores in various countries and regions serves as a core touchpoint for our global expansion and frequent product exposure. It provides us with deep industry experience and helps us acquire the broadest and most direct consumer insights. In particular, operating through its overseas channels allows us to rapidly validate our market approach and understand local consumer preferences, and in turn accelerate our overseas expansion.

Online-to-Offline (O2O) Integration: Our Weixin mini program store offers O2O purchasing for our full product line and features unique online activities. We also offer exclusive special-price items and new product pre-order rights on the mini-program. We use the mini-program to expand our private domain traffic, implementing user tagging based on channel source and purchase category to achieve precise product recommendations.

Online Direct Sales and E-commerce Platforms: We have a presence across major e-commerce platforms and content and social media in China, such as Tmall, JD.com, Douyin, Rednote and Pinduoduo, and globally, including Amazon, TikTok, Lazada and Shopee.

BUSINESS

Leveraging our brand, proven business model, and the traffic from popular IPs, we are rapidly expanding into overseas markets by replicating our proven omni-channel operations and through a “flagship + pop-up” model. As of the Latest Practicable Date, we have opened 39 overseas stores. Our first store in Japan achieved sales exceeding 10 million Japanese yen (approximately RMB500,000) on its opening day. Our overseas pricing is generally higher than in the domestic market, and our products’ exclusivity and cultural appeal provide better profit margins.

Engaging Consumer Experiences that Build Brand and IP Loyalty

We cultivate emotional bonds with consumers by designing innovative, interactive pop toy experiences. Our comprehensive engagement strategy integrates brand operations, content marketing, membership program, and user co-creation to foster lasting relationships.

Brand Operations: We capitalize on major retail events such as Chinese New Year, Children’s Day, and the “Double 11 Shopping Festival” to introduce exclusive collaborations, themed events, and special promotions. For instance, our Chinese New Year campaign integrated IP-based product releases with a “Pop Toy New Year’s Festival” livestreamed on Douyin, and an in-store “collect-the-stamp” promotion. This multi-faceted approach drove significant growth in both sales and brand awareness.

Content Marketing: We leverage platforms like Douyin and Bilibili to create popular marketing campaigns through a variety of content, including unboxing videos, animated IP stories, and artist interviews. For example, we partnered with over 2,000 international influencers to promote the Nommi IP. So far, the Nommi IP has achieved over 5 million interactions, defined as the total number of comments across all Nommi-related posts, in China and over 9 million interactions in international markets.

Membership Program: Our comprehensive membership program is designed to strengthen consumer loyalty and build a loyal pop toy community. Members benefit from rewards such as points redeemable for limited-edition items, exclusive events, and birthday gifts.

Content Co-creation: We actively involve users, artists, and online influencers in the creative process through design competitions and IP adaptation contests. Our “Creative Workshop” on our mini-program empowers members to participate through community voting and other feedback channels.

In overseas markets, we have also seen significant success in generating demand by leveraging local social media and online influencers. By partnering with local creators to produce relatable content like unboxing videos and “Outfit of the Day” (OOTD) showcases, we’re effectively tapping into local culture and building strong brand awareness across TikTok, Instagram, and other platforms. This targeted approach lays a solid foundation for our global product launches.

BUSINESS

Beyond these initiatives, we create immersive spaces that cater to consumers’ emotional needs. Our stores utilize limited-edition exhibits and “Instagrammable” installations to attract young consumers, expand their social circles, and improve our customer acquisition efficiency. Our Shanghai global flagship store, a premier cultural experience destination, launched in March 2025 with an interactive quest map, five themed zones, customization workshops, and a pop toy-themed café to create a seamless “shop-play-socialize” experience. On its opening day, it generated over RMB1 million in sales and attracted over 30,000 visitors, quickly becoming a top destination for Gen Z.

Adaptive and Cost-effective Supply Chain

We have established an end-to-end footprint across the pop toy value chain, from IP incubation and content creation to manufacturing and retail. This ecosystem is built upon an integrated network of IP and manufacturing partners, a mature and efficient supply chain system, and a digital platform that synchronizes production with sales.

Flexible and Rapid Production: We partner with hundreds of suppliers. Our flexible, small-batch, multi-run production capabilities allow us to meet demands for customization and fast iteration. This is critical for meeting the short-cycle, high-demand supply requirements for IP collaborations.

Digitalized Logistics and Inventory Management: Our three main warehouses in Zhaoqing and Shenyang, supported by a network of long-term logistics partners, enable nationwide delivery within an average of 3 to 5 days. Our digital platform monitors sales data in real-time for dynamic inventory control, ensuring a consistent supply of best-sellers while managing the clearance of long-tail products.

Quality Assurance: We adopt advanced technology to improve quality assurance. For example, for a 3D building block product, we employ a range of monitoring and measurement methods to help ensure product consistency and dimensional accuracy. We have also implemented a traceability system. By scanning a code, consumers can view the entire record of a product’s journey — from design and production to quality inspection and distribution.

Through our continual investment in the supply chain, including investment in expanding and deepening our relationships with IP and manufacturing partners in core production resources (such as molds) and technologies to digitalize supply chain management and improve product quality, we deliver trendy, high-quality pop toy products that enhance our brand image and the overall consumer experience.

Strong Shareholder Support and Management Team

Originating from MINISO Group, we maintain a comprehensive strategic partnership with our parent company. This relationship was foundational to our rapid growth, providing critical support during our early stages. We leveraged MINISO Group’s vast and efficient supply chain network that allowed us to quickly capitalize on market trends. MINISO Group’s

BUSINESS

global influence also provided a powerful endorsement for our initial IP licensing efforts, while its established presence was instrumental in our initial expansion into overseas markets. This relationship continues to evolve. After the [REDACTED], we will continue to leverage MINISO Group as one of our key distribution channels to grow our business.

Our CEO, Mr. Yuanwen Sun, is a entrepreneur with over 13 years of deep experience in the retail and pop toy sectors and a profound understanding of consumer trends and global supply chain management. Mr. Sun pioneered the strategy emphasizing self-developed products that propelled TOP TOY to its leadership position in the industry. His keen sense of pop culture and ability to translate it into commercial success continue to drive our breakthroughs in IP operations, product innovation, and expansion.

Under Mr. Sun’s leadership, we have assembled a core management team that blends deep industry expertise with innovative thinking. Our team members are seasoned veterans in retail operations, IP incubation, supply chain management, and digital marketing. Our CFO, Ms. Xiaojiao Yan, is an 8-year MINISO veteran with in-depth experience in capital markets and financial management. She previously oversaw MINISO’s IPOs on the New York Stock Exchange and the Hong Kong Stock Exchange and led the development of MINISO Group’s budgeting system and finance business partner model, providing a solid foundation for its strategic execution. This team’s exceptional strategic planning and highly efficient execution continue to drive our rapid business growth.

We have also built a comprehensive employee incentive framework to support our sustained growth. We offer clear career development paths with multi-level promotion tracks, supported by regular performance assessments and career planning guidance. Our differentiated compensation structure includes performance-based bonuses on top of a competitive base salary. To foster a strong sense of ownership, we have adopted a share incentive plan, granting stock awards to high-performing employees.

OUR STRATEGIES

To become a pop toy brand with universal appeal, and to be the first choice for global pop toy consumers and the top partner for both renowned and emerging IPs, we plan to execute the following strategies:

Enhance IP Incubation and Operations to Drive Product Excellence

We will continue to deepen our IP development and operational capabilities, enriching our IP resource pool by securing global licenses with more high-quality, renowned IPs. We will also strengthen and expand our collaborations with existing IP partners. Leveraging our exceptional product design and creative reinvention, we will continue to transform unique and popular IP characters into exquisitely designed pop toy products that capture the essence of the IP and resonate with consumers.

BUSINESS

To further develop our proprietary IPs and enrich our proprietary IP portfolio, we plan to recruit more designers and studios and attract talented designers who are passionate about pop culture to join our in-house design team. We will also consider, when appropriate, investing in or acquiring IPs or design studios, to further enhance our competitive barriers and expand our IP portfolio.

To optimize IP operations, we will systematically upgrade our product R&D and design capabilities by increasing R&D investment, attracting design talent, and optimizing our creative research processes. We will continually iterate and launch new self-developed products to expand our product categories and increase the sales contribution from self-developed products, further solidifying our competitiveness. As we expand our global footprint, we plan to launch more differentiated product lines or customized product designs based on the pop culture and consumer preferences of different markets to cater to the needs of diverse consumer bases. Furthermore, we will enhance and accelerate the integration and collaboration among the different IPs within our portfolio to build stronger product appeal and further unlock IP value.

Deepen Global Market Engagement through Omni-Channel Expansion

Direct and broad consumer reach is critical to our business success. We plan to further develop our global, omni-channel network to expand the scope and depth of our consumer engagement.

We plan to continually strengthen our presence in overseas markets, capitalizing on the vast and high-growth opportunities in the global pop toy market. We began our overseas expansion in 2024 and, as of the Latest Practicable Date, have entered a number of international markets including Thailand, Malaysia, Indonesia, and Japan. We plan to further expand our overseas business in regions including Southeast Asia, East Asia, and North and South America. With a deeper understanding of global consumer needs and cultural preferences, we will adopt tailored sales strategies for different markets to drive brand momentum and accelerate channel expansion.

For the domestic market, we will continue to efficiently expand our offline store network, primarily through the TOP TOY Retail Partner model. At the same time, we will increase our investment in online channels, especially our mini-program, to accumulate private domain traffic and accelerate brand awareness and conversion. This will further enhance the accessibility of our products across all channels and enable us to achieve a synergistic connection between online and offline operations.

Furthermore, we plan to broaden our network of distributors, with a focus on large retailers, to further expand our sales channels and drive business growth.

BUSINESS

Invest in Branding to Expand Customer Base and Enhance Loyalty

We plan to increase our investment in brand building. We will dynamically monitor the marketing process, tracking sales, consumer feedback and other key metrics to improve marketing effectiveness. This will enhance our brand influence and recognition, attract new customers, and strengthen the loyalty of our existing customer base.

Given the inherent cultural elements of pop toys and their ability to foster a sense of identity and belonging through social sharing and community interaction, we plan to deeply cultivate content marketing. We will generate and disseminate high-quality content through official accounts on social media platforms. This will enable us to reach broad user circles and gather immediate user feedback online to drive product optimization.

Regarding our membership program, we are committed to further optimizing the program and its underlying system. We will enhance our data analysis capabilities to enable fine-grained member engagement. Through user tagging, we will strengthen targeted, structured, and combined outreach to users on our mini-program and other online platforms, tailoring our approach based on their habits and IP preferences. This will provide more customized and personalized services, deepen the emotional connection with our core user groups, and increase their engagement.

Furthermore, we will conduct event marketing campaigns tied to important dates such as Children’s Day, new store openings, and anniversaries. We will adopt a multi-faceted marketing approach across all channels, including opening new stores and pop-up shops offline, hosting new product launch events, and holding online livestreams with celebrity participation. This will strengthen our brand recognition and expand pop toy culture to a broader consumer base.

Strengthen Supply Chain to Enrich Product Offerings

We will leverage our robust and efficient supply chain and our deep, first-hand understanding of the pop toy market and culture to capitalize on emerging global pop culture, meet diverse consumer needs, and further expand our consumer base. By integrating IPs with suitable product formats and categories, we will continue to revitalize our IPs and extend their lifecycles. We will consistently expand our product categories and refine our product designs, exploring the diverse consumer needs across different use cases.

Simultaneously, we will continue collaborating with our suppliers to improve production processes and enhance automation. This will bring craftsmanship, meticulous details, innovative designs, and trendy elements to our products, further enhancing their appeal. Furthermore, we plan to secure closer relationships with core pop toy manufacturers, potentially through strategic partnerships, to further enhance production flexibility, secure capacity, and achieve economies of scale, while also driving advancements in craftsmanship and technology.

BUSINESS

To better serve our overseas markets and complement our China-based supply chain, we also plan to explore and establish a localized supply chain network to optimize production processes and cost structures, enhancing our ability to capture local market trends and changes and respond rapidly to market demand to accelerate our expansion.

Enhance Full-Process Digital Capabilities to Improve Operational Efficiency

We plan to further strengthen our end-to-end digital operational capabilities. To that end, we will upgrade and refine our intelligent systems, digital modules, and other applications across all operations. We will enhance data coordination, sharing, and interoperability between different segments of our operations to continually perfect our closed-loop digital ecosystem. We will also continue to invest in AI development, leveraging AI technology and applications to empower processes throughout the value chain and improve efficiency, from product design and modeling, data analytics, to sales forecasting and intelligent supply chain management.

In particular, we will deepen the integration of our suppliers into our supply chain management system. This will improve production coordination, optimize delivery efficiency, and enhance responsiveness to capture high-growth consumer demand in the pop toy industry. Simultaneously, we will optimize our inventory management and quality control systems to improve overall efficiency. We will also strengthen our big data analytics capabilities to optimize real-time consumer insight collection and feedback across all channels. This will enable us to promptly identify evolving trends in IPs, products, and styles, further enhancing our consumer-demand-driven product development and creative reinvention capabilities, guiding our sourcing and selection processes, and enabling rapid response and product iteration.

On the store operations side, we plan to further strengthen our real-time digital management capabilities across multiple key operational areas. We will continue to optimize the efficiency and accuracy of modules for merchandise display, in-store inventory, product sales data, and pricing to improve store operational efficiency and profitability.

Attract, Cultivate, and Retain Talent to Build a High-Quality Global Team

We plan to adopt various measures to continue attracting, cultivating, and retaining high-quality talent, which is fundamental for our sustained business growth and leadership position in the pop toy industry. We will actively recruit and onboard talent from around the world who are passionate about pop toys and can bring creative ideas and spirit to key areas such as R&D, design, procurement, marketing, and store expansion.

We are committed to continually optimizing our diverse and global talent development programs. This will ensure our employees have opportunities for continued learning, develop a global perspective, and enhance their professional knowledge and competitiveness. Furthermore, we will continue to refine our talent incentive programs, offering competitive and comprehensive compensation packages alongside diversified incentives.

BUSINESS

KEY FINANCIAL METRICS

The tables below set forth certain financial metrics for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Total Revenue from Sales of Pop Toy Products	<u>1,411,838</u>	<u>100.0</u>	<u>1,824,087</u>	<u>100.0</u>	<u>3,488,083</u>	<u>100.0</u>
<i>By Product Source:</i>						
– Self-developed Products	757,334	53.6	896,135	49.1	1,977,010	56.7
– Third-party Products	<u>654,504</u>	<u>46.4</u>	<u>927,952</u>	<u>50.9</u>	<u>1,511,073</u>	<u>43.3</u>
<i>By Product Category:</i>						
– Model Figures	1,016,523	72.0	1,255,596	68.8	1,781,976	51.1
– 3D Building Blocks	304,584	21.6	383,172	21.0	369,947	10.6
– Vinyl Plush Toys	1,147	0.1	63,791	3.5	1,102,409	31.6
– Others	<u>89,584</u>	<u>6.3</u>	<u>121,528</u>	<u>6.7</u>	<u>233,751</u>	<u>6.7</u>
<i>By Sales Channel:</i>						
– Retail Sales in Directly Operated Stores	109,490	7.8	172,543	9.5	444,280	12.7
– Product Sales to Franchisees	356,719	25.3	499,794	27.4	678,043	19.4
– Sales to Offline Distributors	855,457	60.6	1,008,144	55.3	2,044,333	58.6
– Online Sales	75,960	5.4	140,297	7.7	276,050	7.9
– Other Sales Channels	<u>14,212</u>	<u>0.9</u>	<u>3,309</u>	<u>0.1</u>	<u>45,377</u>	<u>1.4</u>
<i>By IP Type:</i>						
– Proprietary IP	8,486	0.6	6,847	0.3	198,827	5.7
– Licensed IP	748,848	53.0	889,288	48.8	1,778,183	51.0
– Third-party IP	<u>654,504</u>	<u>46.4</u>	<u>927,952</u>	<u>50.9</u>	<u>1,511,073</u>	<u>43.3</u>

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)
	Margin	Margin	Margin	Margin	Margin	Margin
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Sales of Pop Toy Products	<u>430,292</u>	<u>30.5</u>	<u>584,772</u>	<u>32.1</u>	<u>1,092,314</u>	<u>31.3</u>
<i>By Product Source:</i>						
– Self-developed Products	314,188	41.5	396,605	44.3	802,486	40.6
– Third-party Products	<u>116,104</u>	<u>17.7</u>	<u>188,167</u>	<u>20.3</u>	<u>289,828</u>	<u>19.2</u>

BUSINESS

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
By Product Category:						
– Model Figures	344,649	33.9	436,756	34.8	581,568	32.6
– 3D Building Blocks	75,300	24.7	100,981	26.4	103,847	28.1
– Vinyl Plush Toys	254	22.1	22,302	35.0	354,667	32.2
– Others	10,089	11.3	24,733	20.4	52,232	22.3
By Sales Channel:						
– Retail Sales in Directly Operated Stores	49,453	45.2	82,901	48.0	198,382	44.7
– Product Sales to Franchisees	28,174	7.9	75,916	15.2	94,245	13.9
– Sales to Offline Distributors	323,523	37.8	368,673	36.6	665,419	32.5
– Online Sales	23,845	31.4	56,170	40.0	117,970	42.7
– Other Sales Channels	5,297	37.3	1,112	33.6	16,298	35.9
By IP Type:						
– Proprietary IP	2,882	34.0	3,147	46.0	89,761	45.1
– Licensed IP	311,306	41.6	393,458	44.2	712,725	40.1
– Third-party IP	116,104	17.7	188,167	20.3	289,828	19.2

The table below set forth certain operating metrics for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Average GMV Per Store (RMB in thousands) ⁽¹⁾	6,143	5,467	5,977
Member Repurchase Rate (%)	29	33	36
Same Store Sales Growth of Directly-operated Stores and TOP TOY Retail Partner Stores (%) ⁽²⁾	45.5	3.3	1.6

Notes:

- (1) The average GMV per store is calculated by dividing the total GMV from directly operated stores and TOP TOY Retail Partner stores in Chinese Mainland by the average number of directly operated stores and TOP TOY Retail Partner stores in Chinese Mainland at the beginning and end of the period.
- (2) Same store includes directly-operated stores and TOP TOY Retail Partner stores in Chinese Mainland that were open prior to the beginning of the comparison period, remained in operation through the end of the comparison period, and had not closed for more than 30 days during both comparison periods.

BUSINESS

The table below sets forth the sales volume and average selling price of different product categories for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	<i>In thousands</i>	<i>RMB</i>	<i>In thousands</i>	<i>RMB</i>	<i>In thousands</i>	<i>RMB</i>
Model Figures	45,268	22.5	50,839	24.7	68,467	26.0
3D Building Blocks	15,949	19.1	17,408	22.0	13,900	26.6
Vinyl Plush Toys	23	50.6	1,367	46.7	28,328	38.9
Others	3,576	25.1	6,188	19.6	10,719	21.8
	<u>64,816</u>	<u>21.8</u>	<u>75,802</u>	<u>24.1</u>	<u>121,414</u>	<u>28.7</u>

Note:

- The average selling price is calculated based on the revenue generated from the sales of products of each product category divided by sales volume of such category.

OUR IP PORTFOLIO

Our IP portfolio underpinned by our ability to develop proprietary IPs as well as to attract collaborations with recognized IPs.



BUSINESS

Central to our IP portfolio are our proprietary IPs — IPs that we own or hold exclusive licenses for. These proprietary IPs are the cornerstone of our long-term strategy, providing us with complete creative control, maximum revenue potential, and a stable foundation for building enduring brand equity. We recorded revenue of RMB198.8 million for the year ended December 31, 2025 from products developed from our proprietary IPs.

Our portfolio is further expanded through strategic partnerships with globally recognized IP holders. Under licensing agreements, we reinterpret these characters to develop exclusive variants. Licensed IPs amplify brand visibility, allowing us to tap into established fan communities, and generating rapid market traction alongside our self-developed offerings. We recorded revenue of RMB1,778.2 million for the year ended December 31, 2025 from products developed from our licensed IPs.

Complementing our self-developed and licensed product lines, we offer selected third-party products designed and developed by external partners. This direct procurement strategy enables us to efficiently explore new product segments and gather valuable consumer insights.

Our Proprietary IPs

We develop, acquire and obtain exclusive license from IPs that embody our distinctive design philosophy while addressing unmet market opportunities. These proprietary IPs give us full creative and commercial control, allowing for agile product development, direct fan engagement, and long-term franchise building.

As of the Latest Practicable Date, we had 24 proprietary IPs.

***A Gyun* (卷卷羊)**

A Gyun is an proprietary IP created and developed by our in-house design team and launched in 2021. The character embodies authentic Cantonese culture while possessing broad cross-cultural appeal. By tapping into the value of regional cultural IP rooted in South China’s heritage, A Gyun has achieve market traction. The IP has been extended into product series including model figures and vinyl plush toys.

As of December 31, 2025, our A Gyun IP had expanded into 12 product series. For example, the Gyun Sweet Candy House Vinyl Plush Series doubles A Gyun’s cute appearance with embellishments like bells and satin ribbons, while also inviting consumers to personalize and DIY their own looks. A Gyun Nutty Delights Collectible Series features witty naming conventions that play with Chinese homophones and internet slang, resonating with young audiences. We recorded an aggregate GMV of approximately RMB23 million for our A Gyun product series during the Track Record Period.

BUSINESS



Our IP development extends beyond internal creation. We continuously monitor emerging trends and collaborate with external designers to develop new IPs or strategically acquire existing ones to expand our library with fresh creative perspectives. We leverage user preference we identified from our direct-to-consumer presence to discover promising opportunities that align with consumers’ evolving interests. This strategic vision has led us to acquire several distinctive IPs, such as Nommi and Ninimo.

Nommi (糯米兒)

Nommi is our proprietary IP that integrates Eastern cultural elements with global trends through philosophy of healing aesthetics and emotional value. Nommi features rotating eyes with intricate patterns that display three distinct designs — an innovative, patent-protected mechanism that gives every character unique expressiveness and personality.

Nommi’s collections primarily consist of vinyl plush toys. As of December 31, 2025, our Nommi IP had expanded into 26 product series. We recorded an aggregate GMV of over RMB200 million for our Nommi product series during the Track Record Period.



BUSINESS

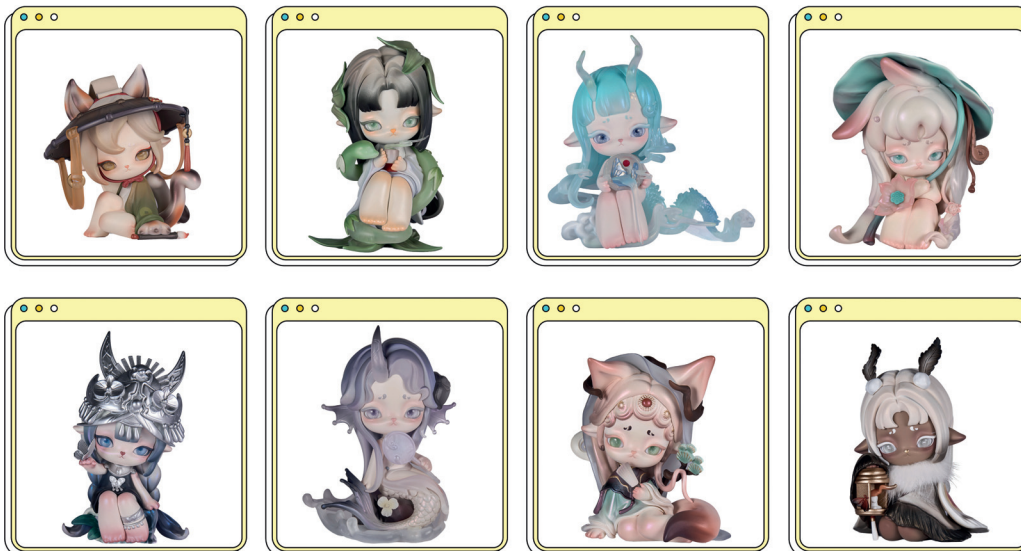
Strong Lucky Cat (大力招财)

This IP features a playful twist on the traditional Maneki-neko, designed with a comically oversized right arm to symbolize its enhanced strength in attracting prosperity and good fortune. Strong Lucky Cat embodies positivity and diligence. Our Strong Lucky Cat recorded an aggregate GMV of RMB36.9 million during the Track Record Period.



Ninimo (尼尼莫)

Ninimo vividly demonstrates the creative adaptability and artistic design of our IPs. The collection features a diverse range of unique themes and distinct color palettes, ensuring each character possesses unique style. These figures are known for their exquisite complexity, featuring elaborate, fantasy-themed costumes.



BUSINESS

Our Licensed IPs

Our licensed IPs span both domestic and international markets, catering to a diverse and wide-ranging customer age demographic. These partnerships grant us access to franchises with established fan bases, strong emotional connections and proven commercial success. For instance, we have successfully partnered with Sanrio featuring characters from Hello Kitty to My Melody, and Kuromi; as well as Disney featuring characters from Stitch, Mickey Mouse, and Winnie the Pooh to Monsters University and Zootopia.

We have established distinctive strengths in IP licensing through our core competencies. Particularly, our in-house design team specializes in IP adaptations, having reinterpreted dozens of licensed IPs through original artwork, city-exclusive variants, and other innovative product formats.

Sanrio Series

Sanrio represents our best-selling IP in the vinyl plush category. We have established a mature development process and expertise in vinyl plush products, resulting in several top-performing Sanrio product series that are well received by customers. Our Sanrio Latte vinyl plush series, launched in July 2024, generated GMV of over RMB74 million up to December 31, 2025 and became a core driver for store traffic and repeat purchases. We have also expanded into Sanrio-themed building blocks. Kuromi Semi-Mechanized Large Building Kit has become a signature product in TOP TOY’s building block collection, achieving strong brand recognition in the pop toy market.



Disney Series

We have collaborated with Disney to launch multiple product series based on various Disney IP characters. Each product series features distinct characteristics and design styles. Our “Stitch’s Mischief Diary” series integrates advanced material technologies, such as a heat-reactive color-changing wizard hat, glow-in-the-dark ghost shell. We have also introduced diverse product possibilities in terms of product design and size such as the “Stitch • 626 Laboratory Assembly Figure,” a premium 40cm collectible featuring mechanical construction.

BUSINESS

GG Bond Series

We have developed a diverse range of GG Bond product series. The GG Bond lineup primarily includes model figures and vinyl plush toys. For example, the Classic Model Figures Series’ combination of display appeal and nostalgic charm has made the series highly popular among fans. GMV during the Track Record Period for the Classic Model Figures series reached RMB21.3 million. The GG Bond Kitten Series blends the character’s cheeky personality with an irresistibly soft, feline-inspired design.



The table below sets forth certain information on our selected licensed IPs under our IP licensing agreements in effect as of the Latest Practicable Date.

IP*	Licensed territory	Year(s) of relationship	License expiration year
Sanrio: Cinnamoroll, Pompompurin, Pochacco, Kuromi, My Melody, Hello Kitty, etc.	Chinese Mainland and 33 countries and regions overseas	4 years	From April 2026 to September 2028
Disney: Disney Classics, Disney Princess, Stitch, Toy Story, Winnie the Pooh, Zootopia, Monsters University, Mickey Mouse, etc.	Chinese Mainland and 61 overseas markets	2 years	December 2026
Crayon Shin-chan	Chinese Mainland and 12 countries and regions overseas	1 year	February 2027
GG Bond	Chinese Mainland and 13 countries and regions overseas	2 years	From October 2026 to December 2026
EVA	Chinese Mainland	4 years	August 2027

BUSINESS

Note:

- * We currently anticipate renewing all of the listed licensed IPs and do not foresee any material impediments to doing so.

IP Operations

Our IP operation is powered by a self-reinforcing cycle that transforms IPs into commercial success and enduring cultural value.

A Large, Diverse, and Expanding IP Portfolio. Our IP operation is powered by a rich and strategically curated matrix of IPs. This includes a growing suite of proprietary IPs, complemented by an expanding portfolio of licensed partnerships and third-party IP. Each IP, regardless of its origin, receives dedicated focus to maximize its unique appeal and cultural resonance.

Design and Co-creating. This robust IP portfolio directly drives our product design process, where we translate IP into tangible products. We place consumer participation at the very heart of our product design. From the initial stages of product development, we invite our community to co-create with us — submitting and voting on character designs, evaluating prototypes, and influencing final selections. This process not only guarantees market relevance but also fosters a profound sense of ownership and loyalty among consumers, transforming them from passive audiences into active stakeholders.

Immersive Marketing and Interaction. The launch of our products is executed through marketing interactions designed to engage consumers, generate excitement and foster sharing. Limited-edition collectibles create exclusivity, while strategic celebrity collaborations and interactive in-store experiences deepen emotional connections. This includes the strategic use of pop-up stores, which feature highly attractive product setups and are designed for direct interaction with consumers.

Maximizing Commercial and Cultural Value. We operate at the intersection of commerce and culture. Through distinctive products based on diverse IP matrix, we launch narratives and characters into the heart of pop culture. This cultural relevance, driven by fan-centric marketing, translates directly into consumer demand and maximizes the value of every IP.

The revenue and consumer preference generated drive further investment into incubating new proprietary IPs from in-house and partnered designers. Our proven track record also makes us an attractive partner for other major IP licensors, opening doors to more and more in-depth collaborations. This, in turn, deepens consumer affection and participation, as fans eagerly anticipate what we will create next, ultimately expanding our global audience and solidifying our market leadership.

BUSINESS

Complementing this core operation is our innovative approach to IP crossover. We forge connections across IP universes — whether between the proprietary IPs, licensed IPs or the third-party IPs. Each crossover is thoughtfully crafted to blend unique artistic worlds in ways that feel authentic to fans, while opening new narrative dimensions and engaging broader audiences.

These crossover initiatives deliver strategic value that extends beyond short-term commercial gains. By reimagining how IPs can interact and evolve together, we enhance the versatility and longevity of our entire portfolio. This continuous infusion of creative energy helps sustain fan interest through ongoing innovation, while reinforcing our role as an influential participant in global pop culture. Through each collaboration, we not only strengthen the identity of the IPs involved but also elevate our brand recognition in the industry.

For example, in June 2025, we introduced several innovative crossover collections that creatively merged complementary IP universes while preserving each character’s unique appeal.

The Nommi x Amarilith (Sweet Bite Series) brought together two popular IPs known for their delightful, innocent, and heartwarming aesthetics. Released in June 2025, this collection featured Nommi transformed into delightful dessert-themed figures with hollow chest cavities containing matching Amarilith mini-figures. The product, which was well received by customers, not only demonstrated strong existing fan loyalty but also significantly expanded consumer recognition and appreciation for our innovative design approach.



This dynamic strategy ensures our IPs remain vibrant, culturally relevant, and constantly evolving through genuine consumer partnerships and creative cross-pollination across brands, styles, and markets. Please also refer to “Our Product Development” and “Marketing and Community Engagement.”

BUSINESS

OUR PRODUCT OFFERING

At the core of our offerings are our self-developed products, which are created through our active participation in the design process and are based on our proprietary IPs as well as licensed collaborations with established IPs. In addition, we enrich our assortment by directly sourcing products through vendor agreements. These items are offered in their original form or produced in partnership with suppliers who already hold the necessary IP licenses.

The table below sets forth the breakdown of our total revenue from sales of pop toy products for the periods indicated.

Revenue	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Self-developed Products	757,334	53.6	896,135	49.1	1,977,010	56.7
Third-party Products.	654,504	46.4	927,952	50.9	1,511,073	43.3
Total Revenue from Sales of Pop Toy Products	1,411,838	100.0	1,824,087	100.0	3,488,083	100.0

During the Track Record Period, we achieved significant growth in revenue primarily driven by the increase in self-developed products — from RMB757.3 million in 2023 to RMB896.1 million in 2024 and RMB1,977.0 million in 2025, accounting for 53.6%, 49.1% and 56.7% of our total revenue from sales of pop toy products, respectively. As we enhanced our in-house capabilities, we were able to create more innovative self-developed products that resonated strongly with consumers, contributing directly to higher sales and greater brand loyalty.

Self-developed Products

The foundation of our offering consists of the self-developed products which are developed based on either proprietary or licensed IPs. We retain control over product design throughout the development cycle — from initial concept to final production—working closely with trusted partners across the value chain to uphold high standards of quality and design integrity. Our product development strategy features innovation in IP expression, excellence in material and finish application and inherent collectability.

Innovation in IP Expression. Our approach to IP is rooted in creative transformation rather than direct replication. We specialize in reinterpreting and expanding the narrative of an IP by dynamically adapting characters and placing them into diverse scenarios with entirely distinct forms. This process involves reimagining two-dimensional characters as unique three-dimensional figures, designing engaging and varied play patterns, and enhancing them with rich backstories or immersive settings. Through this process, we do more than create products—we build deeper connections with our audience.

BUSINESS

Excellence in Material and Finish Application. We utilize specialized materials and advanced finishing techniques to enhance both visual and tactile qualities. For example, we use elements such as colored flocking and matte paints, combined with advanced techniques. Furthermore, we pioneer the combination of diverse materials, such as integrating flocking with fabric, to achieve a superior tactile sensation and visual effect. This emphasis on material quality enhances the user experience and strengthens the product’s appeal.

Inherent Collectability. The inherent collectability of our products stems from distinctive IP design and material craftsmanship. These qualities deliver emotional value, making our products highly sought after as collectibles. Furthermore, the strategic release of limited-edition series enhances their exclusivity and increases their value to collectors.

This development philosophy results in a product line defined by uniqueness and collectability. Each item is designed to resonate with collectors and enthusiasts by highlighting the unique personality of each character through craftsmanship and original design.

We determine the price of our products for sale based on various factors, primarily including the type of our products, sizes, costs and prevailing market prices.

Third-party Products

Complementing our self-developed products, we also source products directly from third parties. We refer to the IPs born by such third-party products as third-party IPs. As of December 31, 2025, the total number of third-party IPs exceeded 660. Many of the sourced products are also launched exclusively through our platform, such as Mobile Suit Gundam.

Brands value our marketing expertise and distribution strength, allowing us to craft tailored promotional strategies based on our deep understanding of IPs, consumer preferences, and market trends. Our strong marketing and sale capability has positioned us as a trusted sales partner for many leading brands.

In addition to complementing our product offerings, direct procurement enables us to explore new product segments and gather valuable consumer insights. For example, we were among the first to introduce vinyl plush toys for major Japanese anime IPs such as Naruto.

Pricing for sourced products follows supplier-set retail prices in domestic markets. For international sales, suppliers generally provide recommended retail price. Unsold inventory is typically non-returnable, and marketing cost responsibilities are negotiated with suppliers. For consumer requests for returns or exchanges that are directed to us, we assess requests based on our internal policies and supplier agreements, usually covering losses through pre-allocated allowances before pursuing further compensation per contractual terms.

BUSINESS

OUR PRODUCT CATEGORIES

We focus on three core categories — model figures, 3D building blocks and vinyl plush toys. We are also able to quickly adapt to emerging trends and expand into adjacent segments such as BJDs.

Key categories



The table below sets forth the breakdown of our total revenue from sales of pop toy products by product category for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Model Figures	1,016,523	72.0	1,255,596	68.8	1,781,976	51.1
3D Building Blocks	304,584	21.6	383,172	21.0	369,947	10.6
Vinyl Plush Toys	1,147	0.1	63,791	3.5	1,102,409	31.6
Others	89,584	6.3	121,528	6.7	233,751	6.7
Total Revenue from Sales of Pop Toy Products	<u>1,411,838</u>	<u>100.0</u>	<u>1,824,087</u>	<u>100.0</u>	<u>3,488,083</u>	<u>100.0</u>

Model Figures

Model figures are our highest-selling product category and one of our key product types.

BUSINESS

Our model figures are defined by their attention to detail. Each piece features specialized treatments like soft-touch texture paints, translucent components for dynamic effects, and interchangeable parts that enhance display options.

We typically launch our model figures as part of a collection, offering a spectrum of styles within each series. We are committed to transparency in our collectible series. For every release, we provide a clear and official checklist that details all standard figures in the set and openly discloses the exact probability of obtaining any secret or rare hidden variants, fostering a trustworthy collecting experience.

The unit price of our small-scale model figures primarily ranges from RMB29 to RMB49 per figure and that of our standard model figures primarily ranges from RMB59 to RMB69 per figure.

3D Building Blocks

3D building blocks have the broadest customer demographic reach.

Our 3D building blocks combine innovative design, premium materials to deliver satisfying building experiences for a wide range of consumers.

Exceptional Detail & Accuracy — Meticulously crafted models serve as both buildable toys and display-worthy collectibles.

Secure Build Experience — Precisely engineered bricks with strong clutch power ensure easy assembly and lasting structural integrity.

Durable & Vibrant Materials — Made with high-quality non-toxic ABS plastic that retains color and withstands wear over time.

Accessible Premium Quality — Offering top-tier design and durability at affordable price points for builders of all ages and budgets.

In addition to our popular IP-inspired collections, we offer additional building block lines catering to different creative interests. Our Everyday Creativity series features modular flower arrangements and urban landscape designs that blend recreational building with aesthetics, serving both as enjoyable construction projects and home decor. For more theme-driven builders, we offer kits spanning space exploration and military vehicles. This thoughtfully curated product range strategically serves diverse audiences: IP enthusiasts find joy in our character-based sets, aesthetically minded adults appreciate our decor-friendly Everyday Creativity line, while families particularly favor our military and cosmos themed kits that combine fun with learning opportunities. Each collection maintains our signature quality and design while addressing specific builder preferences and needs.

The unit price of our 3D building blocks primarily ranges from RMB39 to RMB499.

BUSINESS

Vinyl Plush Toys

Vinyl plush toys are currently our fastest-growing product category.

Our vinyl plush collection brings together a smooth vinyl head with soft plush, creating a pleasing tactile experience. Each piece features an adorably designed vinyl face and high-quality, skin-friendly plush material that is both enjoyable to play with and comforting to hold. These toys offer an excellent balance of fun and cozy comfort.

The innovative combination of vinyl and plush creates a visually striking contrast while enhancing both the aesthetic appeal and sensory experience. This thoughtful material fusion gives each character strong expressiveness and lasting durability.

Many of our series include engaging features such as removable outfits and flexible poseability, which encourage creative play and storytelling. These interactive elements make our vinyl plush toys well-suited for both imaginative play and display collection.

The unit price of our vinyl plush toys primarily ranges from RMB69 to RMB99.

Others

While maintaining our core offerings in model figures, building blocks, and vinyl plush toys, we actively expand into other trending categories such as ball-jointed dolls (BJDs) and Ichiban Kuji to respond to evolving consumer preferences.

OUR PRODUCT DEVELOPMENT

At TOP TOY, our product development excellence is driven by the artistic design and market-focused execution. Our in-house design team transforms proprietary and licensed IPs into compelling products, balancing innovation with a deep respect for IP authenticity. We create regionally-inspired variants of popular characters and build original franchises from the ground up, all through a consumer-centric process anchored in emotional bonding, social shareability, and co-creation. In addition, our stage-gate development methodology ensures every product, from initial concept to final production, meets high standards of quality and commercial viability while maintaining the creative integrity that defines our brand.

In-House Design Team

Driving our product development success is our in-house design team and product designers who blend creativity with commercial strategy. As of December 31, 2025, we had 174 product development personnel specializing in product design and graphic and 3D design. Our in-house design team serves as the critical bridge between IPs and physical product, transforming IPs into compelling merchandise that captivates consumers. With specialized expertise spanning character design, material innovation, and user experience, our designers don't simply apply IP to products — they reimagine how characters and stories can live in consumers' lives through thoughtful, innovative formats.

BUSINESS

What sets our design team apart is their unique methodology that combines deep respect for IP DNA with innovation. For our proprietary IP development, they employ a holistic “design-first” approach, creating characters and worlds with inherent product potential baked into their foundational design language. When working with licensed IPs, they conduct research to identify untapped creative opportunities — whether developing region-specific variants that honor local aesthetics or pioneering new product categories that expand an IP’s traditional boundaries.

Our in-house designers are generally our full-time employees. We proactively identify and engage external talent based on their design aesthetic and strategic fit with our brand portfolio. Our in-house designers are compensated through a fixed salary and benefits package, in accordance with standard employment terms. Pursuant to their employment agreements and relevant law, all IP created by them within the scope of their employment is the sole and exclusive property of our Company.

IP Reinvention and Product Co-creation

At the core of our strategy is the ability to reinvent licensed IPs through creative product development that unlocks new commercial potential. We go beyond traditional licensing by treating each IP as a platform for innovation — reimagining characters and stories through localized adaptations, category expansions, and fresh design narratives. We retain exclusive right to use these derivative creations, allowing us to build proprietary design libraries that become competitive assets. This approach has enabled us to help IP owners expand into new markets and product verticals while delivering differentiated merchandise that stands out in competitions.

Our end-to-end partnership with IP licensors follows a structured workflow:

Product Development & Licensor Review.

IP Identification and Proposal Development: Our dedicated IP sourcing team identifies high-potential IPs, after which our design team and product development team prepares a comprehensive proposal for the licensor. This document outlines product specifications (categories, themes, pricing, dimensions, materials), launch timelines, marketing strategies, and sales targets. The review period typically spans one month, though certain complex IPs may require two to three months for approval.

Product Planning and 2D Design: Upon proposal acceptance, our design team and product managers develop a full product plan within one to two weeks. The 2D design phase then commences, with initial concept artwork completed in one to two weeks and submitted for IP licensor’s review and approval.

BUSINESS

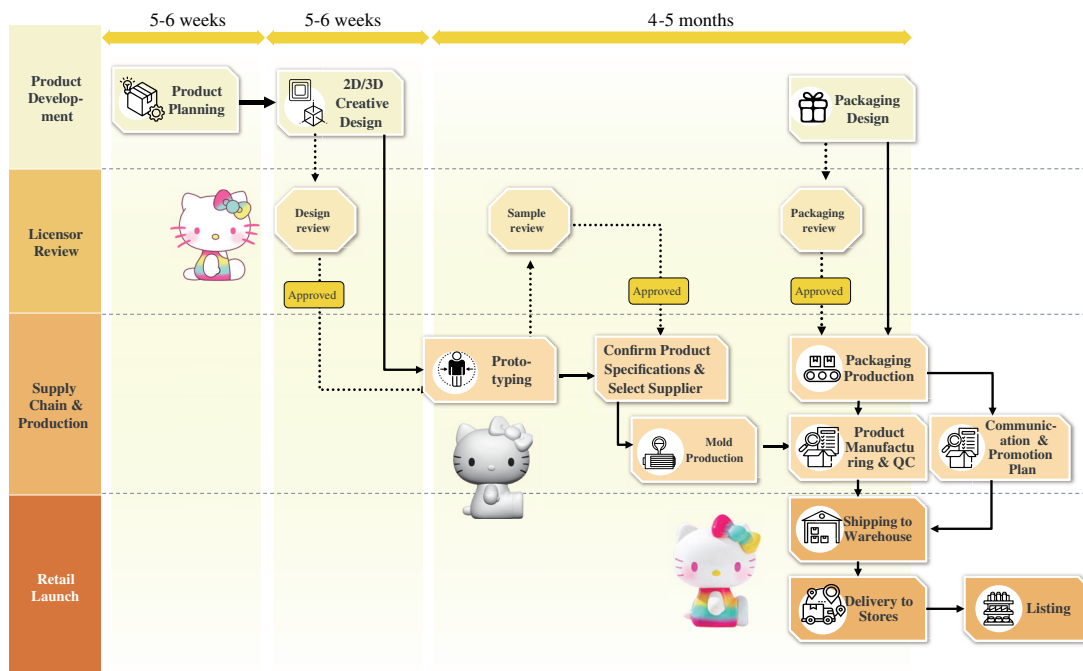
3D Modeling & Engineering: Following 2D approval, our 3D designers spend approximately four weeks creating detailed 3D product models, which undergo another round of IP licensor’s quality control review and approval. Our design team works closely with the licensor through multiple submission and review cycles to further refine and improve the design until official approval is granted.

Supply Chain & Production.

Production Execution: The supply chain and production phase initiates with packaging design and sampling, progressing through the full production cycle — including wax prototyping, mold development, and mass production — typically requiring four to five months. During the sampling stage, our design team maintains its collaborative engagement with manufacturing partners by reviewing successive product prototypes. This process involves evaluating initial form models, color renderings, and detailed aesthetic elements, culminating in final authorization of color specifications. In the mold preparation and production stage, the engineering team collaborates closely with suppliers on mold design, testing, and approval, while the design team and product team review pre-production samples and provide the final production sign-off. Concurrently, our in-house design team coordinates with marketing and sales channels for two weeks to finalize promotional campaigns.

Retail Launch.

We oversee the shipment of products from the factory to our warehouse, followed by coordinated delivery to individual retail stores. Our marketing and sales departments execute pre-planned initiatives, which typically include advertising, social media posts, and in-store promotions to inform consumers that the product is now available.



BUSINESS

This streamlined yet rigorous process ensures brand-aligned product development while maintaining licensors’ creative standards throughout all stages — from initial concept to retail launch.

This dual approach — nurturing proprietary IP while reinventing established licenses — creates a balanced portfolio that drives both immediate revenue and sustainable brand building.

OUR SALES AND DISTRIBUTION CHANNELS

We sell our products through a comprehensive sales and distribution network, which primarily consists of (a) sales by our directly operated stores; (b) sales through franchisees which we refer to as our TOP TOY retail partners; (c) sales through offline distributors and (d) online sales. TOP TOY stores operated by us and TOP TOY retail partners are our primary sales channel which provides the widest selection of products to meet the needs of different fans. Retail stores are an important channel for us to establish presence and build connections with our fans. For example, we leverage our retail stores to gather large numbers of fans, experiment with new products, upgrade shopping experiences and enhance brand awareness.

The table below sets forth the components of our total revenue from sales of pop toy products by amounts and percentages broken down by sales channel for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Retail sales in directly operated stores	109,490	7.8	172,543	9.5	444,280	12.7
Product sales to franchisees	356,719	25.3	499,794	27.4	678,043	19.4
Sales to offline distributors	855,457	60.6	1,008,144	55.3	2,044,333	58.6
Online sales	75,960	5.4	140,297	7.7	276,050	7.9
Other sales channels ⁽¹⁾	14,212	1.0	3,309	0.2	45,377	1.4
Total Revenue from Sales of Pop Toy Products	1,411,838	100.0	1,824,087	100.0	3,488,083	100.0

Note:

- (1) Other sales channels mainly represent group-buying channels and vending machines. Sales through group-buying channels refer to sales in a bulk amount directly to customers, where the products are not intended for further resale. Sales through vending machines represent automated, direct-to-consumer retail through vending machines placed in high-traffic areas such as shopping malls.

BUSINESS

TOP TOY Stores

Our offline sales are primarily made through TOP TOY stores that are operated by us or our TOP TOY Retail Partners. As of December 31, 2023, 2024 and 2025, we had a network of 148, 276 and 334 TOP TOY stores, respectively. Our overseas expansion also demonstrated strong growth, with the number of TOP TOY stores increasing from 4 as of December 31, 2024 to 30 as of December 31, 2025, and reaching 39 as of the Latest Practicable Date.

	As of December 31,		
	2023	2024	2025
Number of TOP TOY stores			
Directly operated stores	14	40	50
Stores operated by TOP TOY Retail Partners	134	236	273
Stores operated by offline distributors*	—	—	11
Total	<u>148</u>	<u>276</u>	<u>334</u>

Note:

- * Distributors in certain Asian countries and regions operate TOP TOY branded stores. We enter into sales agreements with them under which they pay a fixed price for products. Revenue from product sales to distributors is recognized upon shipment or delivery. We also enter into TOP TOY license agreements with these distributors. We require them to renovate and operate TOP TOY stores in accordance with our standards and will provide operational support at their cost upon request.

Our TOP TOY stores are a core part of our distribution and brand strategy. These locations offer a wide range of carefully selected products designed to appeal to our diverse fanbase. They serve as engaging spaces where our original characters, collaborative IPs, and partner brands come together in interactive settings. In addition to driving sales, our physical stores help strengthen our market presence and build connections with our community. They act as important venues for hosting fan events, testing new products, introducing innovative shopping experiences, and enhancing overall brand recognition.

The crown jewels of our network are the flagship stores that function as cultural destinations rather than traditional retail outlets. Our flagship stores are strategically positioned in high-traffic commercial districts, designed to capture attention and invite consumers to stop and explore. These spaces combine product displays with immersive installations and interactive elements, creating environments where visitors come for the experience and stay for the community. The average size of our flagship stores is approximately 776 square meters.

BUSINESS



Our main line stores strategically located in high-traffic urban shopping malls to maximize visibility and foot traffic. Designed as immersive retail destinations, these spaces feature open, well-lit layouts with bold TOP TOY branding and eye-catching displays that reinforce brand identity while encouraging customer exploration. The average size of our main line stores is approximately 242 square meters.

BUSINESS

Pop-up stores are our agile market laboratories. These temporary retail spaces typically serve as important venues for launching marketing campaigns for specific IP product collections or product releases or establishing our initial presence when entering new geographic markets. We strategically locate these pop-up stores in high-traffic, vibrant shopping districts and premier malls to maximize visibility and foot traffic. The Summer 2025 Chiikawa sushi concept pop-up demonstrated the exceptional effectiveness of this approach — by combining exclusive merchandise with immersive themed environments, it generated social media buzz as fans enthusiastically shared their experiences.

Every visit offers opportunities for discovery and participation:

- Products become props for interaction rather than passive inventory
- Spaces are designed for social connection and transactions

This philosophy extends to our international expansion, where we’re replicating the same experiential retail model that succeeded domestically. Starting in Southeast Asia, we are establishing flagship stores as anchor locations supported by tactical pop-ups — proving that our approach translates across markets while respecting local cultural contexts.

TOP TOY Retail Partner

The following tables show the number of our TOP TOY Retail Partners during the Track Record Period. As of the Latest Practicable Date, except for two TOP TOY Retail Partners in Malaysia, all of our TOP TOY Retail Partners are based in China.

	Years ended December 31,		
	2023	2024	2025
Number of TOP TOY Retail Partners at the beginning of the period	37	41	64
Number of new TOP TOY Retail Partners during the period	13	26	19
Number of TOP TOY Retail Partners terminated during the period*	9	3	9
Number of TOP TOY Retail Partners at the end of the period	41	64	74

Note:

- * We did not terminate collaboration with any TOP TOY Retail Partner due to material breaches of relevant agreements during the Track Record Period. Termination of TOP TOY Retail Partners typically resulted from non-renewals of agreements after contract expiration. Terminated TOP TOY Retail Partners were mainly small entities or individual operators who either could not secure suitable new store locations or elected not to renew for other business reasons.

BUSINESS

The TOP TOY Retail Partner model is a hybrid store operation model that takes advantageous elements from the franchise store model and the directly operated chain store model. As advised by Frost & Sullivan, such hybrid operational model is common in the industry. Under this model, we provide operational guidance in the form of store management and consultation services to TOP TOY Retail Partners.

Under our TOP TOY Retail Partner model, TOP TOY Retail Partners mobilize their resources to open and operate stores at optimal locations, shouldering the associated capital expenditure and operating expenses. On the other hand, we provide store management and consultation services to TOP TOY Retail Partners for a fee, retain store inventory ownership until in-store sale to consumers and receive a pre-agreed portion of the sales proceeds. The store management and consultation services optimize and unify store operations in key aspects, mainly including store layout and decoration, interior design, staff training, pricing, product curation and inventory replenishment, to maintain consistent brand image, consumer experience and product pricing across stores. In general, managers of each store examine and record on the system inventories when they arrive at the stores, and the system records are automatically updated upon the sale of products when store cashiers scan the products. Our TOP TOY Retail Partners generally examine the inventories held at their stores on a monthly basis, the results of which are recorded on our system and available to us for review. We also conduct comprehensive examinations of inventories for all TOP TOY Retail Partner-operated stores at least once a year, checking against system data and recording updates as appropriate. Our contractual agreements with TOP TOY Retail Partners, which primarily include a sales agreement, franchise agreement, management and consultation agreement and a store renovation agreement, typically last for three years or less.

Below is a summary of the key contractual terms with our TOP TOY Retail Partners:

Payments for goods. We set an agreed percentage of in-store sales proceeds payable by TOP TOY Retail Partners to us, while the TOP TOY Retail Partners keep the remaining in-store sales proceeds. For most of TOP TOY Retail Partners, sales proceeds generated from the stores they operate are deposited in an escrow account with a commercial bank, which will automatically fund the relevant portions to our account and the account of TOP TOY Retail Partners based on pre-agreed percentage between TOP TOY Retail Partners and us. We check sales proceeds data against bank account information on a daily basis.

Franchise. Under our agreements with TOP TOY Retail Partners, we offer trademark and brand licensing services at a license fee equal to a low single-digit percentage of in-store sales proceeds, payable by TOP TOY Retail Partners at the close of the next business day. All TOP TOY Retail Partners are required to maintain fully legal and compliant business operations. This includes securing and upholding legally valid agreements with property landlords, conducting business in a way that protects our brand equity and refraining from any conduct that could tarnish our brand’s goodwill.

BUSINESS

Management of stores. Under our agreements with TOP TOY Retail Partners, we provide store management and consultation service to our TOP TOY Retail Partners in return for a store management and consultation services fee, equal to a low single-digit percentage of in-store sales proceeds, payable by TOP TOY Retail Partners at the close of the next business day. TOP TOY Retail Partners pay for store operating expenses, including logistics costs from product delivery to their stores.

Term/duration. The terms of our contracts with TOP TOY Retail Partners are generally not more than three years and renewable upon negotiation prior to the termination of the agreement.

Breaches. In the event of a breach, we are entitled to terminate the agreements with the TOP TOY Retail Partners, who are then contractually obligated to compensate us for losses incurred.

Termination. Prior to expiration of contractual term, these agreements can typically be terminated under force majeure events, by mutual agreement or due to bankruptcy or certain breaches of contractual obligations by either party.

Location and renovation. TOP TOY Retail Partners are not able to open stores at a non-designated location. We recommend providers for store renovation and decoration for the TOP TOY Retail Partners, with the associated costs being borne by them.

Product offering and pricing. TOP TOY Retail Partners shall only offer products supplied by us. They are able to set the retail price of the products to be sold in store within five percent of the price recommended by us for the same products with our written consent.

Licensing rights. TOP TOY Retail Partners are not able to have sub-contractors or sub-distributors or otherwise assign the rights under the licensing agreements to a third party without our prior written consent.

Inventory. The goods we dispatch to TOP TOY Retail Partners’ premise for sale are under our inventory ownership until the goods are sold to consumers. TOP TOY Retail Partners are generally required to place an inventory deposit with us, which generally covers the estimated maximum value of inventories held by the relevant TOP TOY Retail Partners at their stores at a point of time during the period of time in which they act as our TOP TOY Retail Partners. Generally, inventory deposits are returned to TOP TOY Retail Partners upon the termination of their relationship with us. We may deduct from the deposit unsettled amounts payable by the TOP TOY Retail Partners to us, if any, under the relevant agreements.

BUSINESS

We usually choose TOP TOY Retail Partners with financial strength and strong local ties who can secure optimal locations for new stores. We verify the potential TOP TOY Retail Partners’ financial strength by examining the content and status of their lease agreements for the store locations and monitoring whether they pay all upfront deposits on time. To attract and retain TOP TOY Retail Partners, we provide strong operational supports that go beyond initial training to offer continuous guidance on inventory management, visual merchandising, and staff product education, effectively making our success contingent upon their operational excellence. Concurrently, we conduct branding activities to fortify our brand power, implementing national marketing campaigns that drive footfall and ensure a consistent and compelling brand presence at every retail touchpoint. Furthermore, we actively listen to the advice of TOP TOY Retail Partners and incorporate their feedback into our planning, fostering a collaborative relationship where they feel valued and heard. Finally, to provide assurance and build trust, we take clear and measurable steps to prevent cannibalism. See “— Distributors — Management of our Distributors.” As of the Latest Practicable Date, to our knowledge, all of our TOP TOY Retail Partners were Independent Third Parties. We are the seller of products in our relationship with TOP TOY Retail Partners. We believe that our sales to TOP TOY Retail Partners during the Track Record Period reflected genuine market demand and there was effective management and control over the inventory levels. We recognize revenue from product sales to TOP TOY Retail Partners when they sell the products to end-customers in their own TOP TOY stores. We do not impose a minimum purchase or sale target on our TOP TOY Retail Partners. For more details regarding our revenue recognition policies, please refer to notes 2(o)(i) and 2(o)(ii) to the Accountants’ Report in Appendix I to this document. The TOP TOY Retail Partner model represents a mutually beneficial relationship between us and the TOP TOY Retail Partners, where we achieve rapid store network expansion with consistent brand image and consumer experience, and our TOP TOY Retail Partners attain attractive investment opportunities. The breakeven period for a TOP TOY store in Chinese Mainland (including directly operated store and TOP TOY Retail Partner store) is generally 1 to 2 months after opening, with the initial investment payback period typically falling between 12 and 15 months.

Online Sales

We primarily conduct online sales through all major third-party e-commerce platforms and content and social media, such as Tmall, JD.com, Douyin, Rednote and Pinduoduo to drive sales, enhance brand visibility, and engage with consumers. These channels help us drive sales, enhance brand visibility, and engage with consumers. We achieved significant growth in online sales revenue, driven by our strategic expansion across multiple e-commerce platforms, the expansion of our product offerings online and continuous optimization of our online operational models.

- On e-commerce marketplaces, we focus on transactional sales while collaborating with platform-led promotional campaigns. These channels serve as our primary sales channels, where we implement customer tagging to track purchase behavior and origin sources. This data enables highly targeted product recommendations aligned with individual preferences, significantly improving conversion rates.

BUSINESS

- Our content and social media strategy focuses on customer acquisition and conversion through interactive formats such as livestreaming and community engagement. Platform users are initially drawn to our compelling content, whether through engaging product unboxing videos and livestreams or through beautifully curated product imagery set within narrative-driven contexts. These digital channels serve as vital marketing platforms that not only drive immediate sales but also foster lasting brand loyalty while expanding our reach among trend-focused consumer demographics.

A key component of our strategy involves cross-channel user identification. By analyzing which platforms customers engage with and what products they purchase, we create detailed user profiles. This allows for personalized marketing and conversion across touchpoints — whether suggesting related items to marketplace shoppers or delivering tailored content to social platform followers.

The synergy between our sales platform and content platforms creates a continuous engagement loop: content platforms introduce consumers to our brand, while marketplaces efficiently convert interest into purchases. Post-purchase, we extend the relationship through membership programs and retargeting, completing the full-channel marketing and sales cycle. For our marketing strategies, please also refer to “— Marketing and Community Engagement.”

Distributors

Our products reach consumers through an established network of authorized distributors who sell through their own retail stores or supply other retailers. Our distributors primarily consist of supermarket chains, specialty toy retailers and established retail chains. We do not believe there is a material concentration risk with our distributors. To the best knowledge of our Directors, other than MINISO Group, all our distributors were independent third parties, and none of our distributors has any past or present business, employment, family, financing or similar relationships with our Directors, Shareholders, senior management or any of their respective associates, and our current or ex-employees or operated under our brand during the Track Record Period.

By leveraging distributors’ established retail networks and local market expertise, we can rapidly expand our geographic reach while lowering costs of building direct sales channels. Our distributors also bring knowledge of regional regulations, consumer preferences, and retail relationships, ensuring products are positioned effectively across diverse markets. According to Frost & Sullivan, our existing distribution model is consistent with customary industry practice in China and overseas markets.

BUSINESS

Management of Our Distributors

Distributor Selection — We implement a thorough vetting process when selecting new distributors, evaluating each candidate’s operational capabilities, market coverage, alignment with our brand identity, and track record of successful collaborations with domestic trend-driven brands.

Collaborative Product Assortment Planning — Our distributors begin by selecting initial product assortments based on their market knowledge and budget considerations. Our sales team then provides data-driven recommendations incorporating sales analytics, consumer trends, and performance benchmarks from comparable markets. Through this consultative process, we jointly finalize optimal product mixes. Following launch, we monitor performance and provide in-store optimization guidance to enhance sales productivity.

Partner Engagement and Support — We emphasize direct, in-person engagement with distributors across all markets. Our domestic teams conduct bi-monthly retail tours in key regions, while international account managers complete mandatory monthly or quarterly market visits. These visits, supplemented by ongoing digital communication, enable us to address operational challenges promptly while gathering valuable market intelligence to inform business decisions.

We are the seller of products in our relationship with distributors. We recognize revenue from product sales to distributors when the products are shipped from or delivered to the locations specified in our sales agreements with the distributors, at which point the distributors take ownership of the products and assume the risk of loss.

We believe that our sales to distributors during the Track Record Period reflected genuine market demand and there was effective management and control over the inventory levels held by our distributors. In order to ensure the efficiency of our distribution channels, we have adopted stringent control measures, including but not limited to: (i) collecting inventory and sales data from each markets and making quarterly analysis; and (ii) conducting site visits to and inventory examinations of our stores. For online sales, we ship products based on platform specific historical data and marketing plans, managing inventory weekly to match real-time demand. For offline distributors, our “payment – before – delivery” policy financially discourages overstocking. We also regularly review orders, conduct data collection, visits and examinations to monitor the sales, inventory levels, validate actual sales performance of our distributors. Through these activities, we monitor our distributors’ compliance with the terms and conditions of the relevant agreements. If we discover non-compliant issues or risks, we conduct further investigation, notify the relevant distributors, work with the distributors to take rectification or mitigation measures, or terminate the distributor relationship. In addition, we generally require our distributors to make advance payments for our products. We also do not impose a minimum purchase or sale target on our distributors. In general, we do not have any obligation or practice to accept any return of unsold products. In the event that a product quality defect is conclusively demonstrated to have arisen from a failure in or procurement or inspection procedures, and such defect results in direct economic loss to a distributor, we accept the return of the non-conforming products and provide replacements or other appropriate compensation, in accordance with the terms of our distributor agreements. We

BUSINESS

believe we did not experience abnormal increases in revenues generated through distributors as the overall growth in offline distributor revenue aligned with our expectations, driven by the successful execution of our strategy to expand the distributor network and increase retail penetration. We believe this growth demonstrated a consistent pattern without unexplained spikes. In addition, we did not experience significant product returns in the Track Record Period. During the Track Record Period, we maintained generally stable and healthy relationships with our distributors.

In addition, to minimize any potential conflicts among our distributors and potential conflicts among our distributors and our direct sales channels, we specify the designated distribution area or distribution channels for our distributors in the distribution agreement. In addition, distributors are required to report their intended distribution channels to the company in advance. Our team conducts on-site inspections to verify that the actual distribution channels match those reported. We also labeled with traceability codes, and we perform regular spot checks in retail stores to confirm that goods sold originate from our authorized distribution channels. We generally reserve the right to terminate a distribution agreement in the event the distributor breaches the requirements on geographic area and sales channel. For store expansion, when a TOP TOY Retail Partner applies with a proposed store location, our expansion team reviews the site and filters out any potential overlap or conflict with other stores.

The following table sets forth the total numbers of our distributors and movement during the Track Record Period. The increased number of our distributors during the Track Record Period was in line with our business growth.

	Years ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period ⁽¹⁾	12	11	29
Number of new distributors during the period	3	20	186
Number of distributors terminated during the period ⁽²⁾	4	2	0
Number of distributors at the end of the period	11	29	215

Notes:

- (1) The number of distributors also include wholesale customers. We refer to certain customers as wholesale customers as they are reasonably expected to resell our products to both consumers and other businesses compared to other distributors which are generally expected to sell only to other businesses. We maintain consistent key terms across our contracts with distributors and wholesale customers.
- (2) We did not terminate collaboration with any distributor due to material breaches of the relevant distributorship agreement during the Track Record Period. Termination of distributors typically resulted from our strategic shift in certain geographic market, where we reclaimed operations to establish direct sales to consumers, phasing out the previous distributor arrangement.

BUSINESS

Key Terms of Distribution Agreements

Under the distributor model, we typically enter into a sales agreement with our domestic and overseas distributor.

The key contractual terms of our agreement with our domestic distributors included:

Product offering and pricing

We provide distributors with a product catalogue from time to time, according to which our distributors can purchase the products at a price set within a fixed percentage range of the suggested retail price. We generally require distributors to provide us with a list of distribution channels in advance and obtain our written confirmation before sales. All distributors must strictly follow the confirmed channels and suggested retail prices of our products for sales. For any distributors planning for a promotional event or lowering retail price for any other reasons, we generally require them to notify us in advance and obtain written consent. We also require our distributors to deposit with us a compliance deposit to ensure that they perform their obligations under the agreements.

Intellectual property rights

Distributors must strictly abide by the inviolability of the intellectual property rights of the products provided by us, and shall not copy, distribute or pirate the products without authorization, nor use the product brand for publicity in any way without authorization.

Non-disclosure

Distributors are responsible for keeping confidential all non-public information provided by us, including but not limited to cooperation content, product quotation and financial information.

Operational management

The agreement sets out the operational requirement for distributors to follow and we have the right to supervise the operation by distributors. Distributors are generally required to submit to us the quarterly distribution channel sales data which includes brand names, total sales volume and retail prices following each quarter.

Term

Our sales agreements usually have a term of one year. In the event of material breaches by our distributors, we will be entitled to (i) confiscate the compliance deposit and seek additional damages if the compliance deposit cannot fully cover the losses we incurred, and (ii) unilaterally terminate the agreement.

BUSINESS

Sub-licensing

Our distributors typically do not have the right to sub-contract or sub-license their rights under the agreement without our express written consent. We typically do not have any contractual relationship with any sub-contractors or sub-distributors and do not control or deal with them directly, as our distributors enter into contractual relationship with and manage their sub-contractors or sub-distributors directly.

Inventory

Generally inventory ownership is transferred to distributors when inventory is shipped from or delivered to the locations specified in sales agreements.

The key contractual terms of our agreement with our overseas distributors included:

Product Offering and Pricing

Distributors submit purchase orders to acquire our products. Our distributors can purchase the products at a price set within a fixed percentage range of the suggested retail price. Distributors must submit a list of approved retail locations for our written confirmation prior to any sales activities. All sales must be conducted through authorized channels within designated territories, in compliance with our established distribution guidelines and suggested retail pricing.

Intellectual Property Management

Products must be sold within the licensed period (including any agreed sell-off period). Unsold inventory cannot be returned due to failure to sell within this timeframe. Should distributors fail to dispose of remaining products by the license expiration, we retain the right to require destruction of such inventory at the distributor’s expense.

Insurance Requirements

Distributors are required to obtain and maintain appropriate insurance coverage at their own cost, and to provide proof of such insurance upon our request.

Confidentiality Obligations

All business and technical information, whether written or oral, constitutes confidential trade secrets. Distributors must maintain strict confidentiality and may only use such information for purposes outlined in the sales agreement. All marketing and product materials provided by us, including specifications, designs and certifications, are considered confidential information.

Contract Duration and Termination

Sales agreements typically have a one-year term. In case of material breach, we reserve the right to: (i) terminate the agreement unilaterally, (ii) claim predetermined liquidated damages, and (iii) seek additional compensation for any losses exceeding the liquidated damages amount.

BUSINESS

Sublicensing Restrictions

Distributors generally may not subcontract or sublicense their rights without our express written consent. We typically maintain no direct contractual relationship with subcontracted parties, as distributors manage these relationships directly.

The distributor model differs from the TOP TOY Retail Partner model in a few key facets. Operationally, although we have the right to supervise the operation of domestic distributor stores to ensure that they adhere to certain operational standards, we do not provide store management and consultation services to these distributors and have less operational involvement with them. In addition, we have limited control over the operation conditions of our overseas distributor stores. In terms of product sales, generally inventory ownership is transferred to distributors when inventory is on board, while we retain inventory ownership until in-store sale to consumers under the TOP TOY Retail Partner model.

The following table sets forth the key difference between our sales and distribution channels.

	Direct operation model	TOP TOY Retail Partner model	Distributor model
Relationship with party . . .	Not applicable	Seller-buyer relationship in which TOP TOY Retail Partners enter into sales agreements, license agreements, management and consultation agreements, and store renovation agreements with the Company	Seller-buyer relationship in which distributors typically enter into a sales agreements with the Company
Costs and risks borne by each party . . .	The Company bears all associated costs and risks	TOP TOY Retail Partners bear (i) initial capital expenditure, (ii) inventory deposit and (iii) costs associated with store operation, such as rental, salary, logistics expenses from the Company’s warehouse or supplier to stores, utilities, expenses related to discretionary promotional campaigns and store management and consultation services fee, and risks associated with investment recovery and store operations, among others. The Company bears expenses related to (i) product design and development, such as IP licensing fees, (ii) supply chain management, and (iii) brand management, such as brand advertisement, and risks associated with brand and reputation, among others	Distributors bear inventory related risks. The Company bears similar costs and risks to those under TOP TOY Retail Partner model, and less oversight on operations, among others
Revenue recognition . . .	The Company recognizes revenue when the products are sold to customers	The Company recognizes revenue from product sales to TOP TOY Retail Partners when TOP TOY Retail Partners sell products to customers	The Company recognizes revenue from product sales to distributors when the products are shipped from or delivered to the locations specified in sales agreements

BUSINESS

MARKETING AND COMMUNITY ENGAGEMENT

Our Customer Base

We believe our products appeal to everyone, with three primary customer segments forming our core audience: trend-conscious Gen Z consumers, families, and passionate brand loyalists. While we implement tailored engagement strategies for each group, we also maintain universal brand initiatives to ensure broad inclusivity.

For our Gen Z consumers, we employ marketing strategies centered on scarcity, social validation, and cultural participation. For families, our marketing approach is focused on inspirational value to cultivate lasting benefits while creating opportunities for family bonding. We treat our brand loyalists as valued partners, inviting them to preview and influence new designs. By listening to their feedback and engaging in one-on-one conversations, we create a sense of community and reward them with exclusive insights and first access to limited activities.

Through strategic marketing campaigns for new product releases and sustained brand engagement initiatives, we continuously attract diverse demographics with varied interests, fostering recognition and appreciation for our brand across all consumer groups. We have developed a comprehensive membership program that we aspire to transform all customers into passionate brand advocates. Our tiered membership system offers exclusive benefits, including limited-edition product redemptions, member-only events, and personalized birthday rewards. Leveraging advanced data-driven insights, we implement targeted, structured outreach to different consumer groups. As of December 31, 2025, we had over 12 million of registered members. We recorded a member repurchase rate of 29%, 33% and 36% in 2023, 2024 and 2025, respectively.

Product Launch Marketing Campaigns

Prior to new product releases, we implement concentrated marketing initiatives with content co-creation at the core. Our collaborative approach engages consumers, artists, and influencers through design competitions and IP adaptation campaigns, to develop products that resonate with target audiences while generating organic visibility. The “Creative Workshop” on our Weixin mini-program serves as the hub for these activities, featuring crowd-funding mechanisms and community voting systems that strengthen member engagement. In addition, we cultivate anticipation through exclusive early releases, often weeks before official launches. These limited collector’s items are distributed through invitation-only systems targeting our most engaged brand advocates, supporting organic word-of-mouth promotion.

Our product launches also feature synchronized cross-platform content marketing campaigns designed to maximize engagement. We deploy a mix of content formats including IP animation stories, and artist interviews to create viral moments across content and social media platforms. For international markets, we partner with local creators to develop culturally relevant content such as outfit showcases (OOTD).

BUSINESS

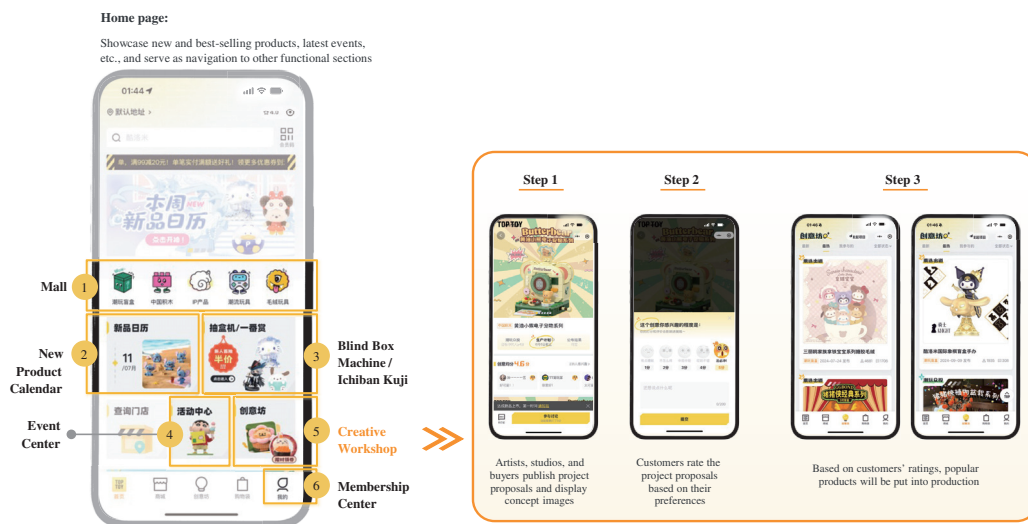
Complementing our digital strategy, we organize high-impact marketing events at our stores, including celebration events for new store openings. These immersive experiences feature celebrity signings, interactive challenges, life-size IP character photo opportunities, and hands-on workshops. Together, these integrated digital and physical activations create powerful touchpoints that drive brand awareness, consumer engagement, and sales conversion worldwide.

Ongoing Brand Engagement

Between launches, we maintain momentum through continuous content streams including product-centric short videos, premium photography, and interactive product unbox live streaming designed for maximum shareability.

We also launch various activities to engage with consumers. For example, we connect TOP TOY builders through competitions, building challenges where they share techniques, showcase creations, and celebrate the endless possibilities of 3D building blocks. We also host weekly and holiday themed building block events to engage our core family customer base, drive foot traffic, enhance interaction, and boost sales conversion.

Our mini-program also helps foster continuous brand engagement by providing fun and rewarding user experience. For example, the New Product Calendar builds anticipation and encourages repeat visits by highlighting upcoming releases. Gamified elements such as the Lucky Draw create excitement and incentivize participation through instant rewards, and the Creative Workshop deepens emotional investment by inviting users to co-create and personalize products, fostering a sense of ownership and community.



Every retail location also serves as a marketing touchpoint. Our high-traffic urban flagship locations feature immersive IP installations and host regular artist collaborations, limited releases, and workshops to create memorable experiences. Our offline initiatives consistently generate organic user content and viral trends as consumers enthusiastically share

BUSINESS

their store visits and event experiences. The wealth of consumer feedback gathered through such cross-channel interactions provides invaluable preference data that informs future product development and marketing optimization.

OUR SUPPLY CHAIN

Our Suppliers

Our suppliers primarily include pop toy and mold factories and IP licensors.

We source finished toy products and molds from pop toy and mold factories. We had 226, 287 and 386 suppliers for the production of pop toy products in 2023, 2024 and 2025, respectively. We currently have 16 back-up suppliers. We maintain close collaboration with them throughout our entire supply chain process, from initial product design through final shipment. During the design phase, we actively solicit our suppliers’ technical feedback on manufacturability to optimize production feasibility. Following product launch, our digitally integrated supply chain system automatically generates manufacturing orders based on real-time inventory and sales data, which we verify before suppliers commence production. Our suppliers typically manage logistics from their facilities to our designated warehouses according to our precise delivery requirements. This comprehensive digital integration and supplier involvement, combined with the strong relationships we cultivate through significant purchase volumes and reliable payments, enables us to maintain supply chain efficiency. These practices allow us to sustain a growing SKU portfolio, regularly introduce numerous new products, and preserve cost competitiveness. We continuously strengthen partnerships with existing qualified suppliers while attracting new capable manufacturers. Our ongoing supply chain optimization includes regular guidance to suppliers regarding quality improvement, production efficiency, and cost reduction initiatives.

We have stringent quality assurance and control procedures in place to ensure supplier compliance with our product safety and quality standards. Suppliers have to undergo on-boarding procedures with a rigorous quality screening process before we begin working with them. In addition, our framework agreements with suppliers have clauses that ensure a baseline quality of the products produced by the suppliers, including those related to technical specification, quality specification, inspection standards, and defective product handling. Upon receipt of product shipments from suppliers, we perform quality inspection on random samples to detect any quality issue. We also pay regular visits to our suppliers to ensure that their facilities, equipment and finished products are up to our standards. We also have online quality control systems that visualize our standard quality inspection procedures and allows us to coordinate with our suppliers, TOP TOY Retail Partners and distributors on detecting and correcting any quality issues.

BUSINESS

We believe our suppliers are generally ready to increase production capacity for our products as we primarily engage them through purchase orders based on real time demand rather than binding annual volume contracts. Therefore, suppliers are expected to proactively reserve a portion of their capacity specifically for our ad-hoc orders. We recorded cost of inventories of RMB955.9 million, RMB1,221.6 million, and RMB2,291.0 million in 2023, 2024 and 2025, respectively.

Key Terms of the Procurement Agreement

Orders and Delivery. We issue formal purchase orders to suppliers, who must confirm acceptance within a specified number of days. Once confirmed, suppliers may not cancel the order. Suppliers are generally responsible for all freight costs to our designated delivery location.

Payment. Payment for goods is generally due monthly, following our receipt and acceptance of the products. We will pay a specified advance payment within a defined period after order confirmation.

Quality. Suppliers provide quality warranties and must ensure compliance with all applicable laws and standards. They are also required to proactively disclose any product safety risks. For defective products, suppliers must promptly replace or refund them and bear all related costs.

Breach and Termination. In the event of a breach — such as product quality issues resulting in third-party personal injury, property damage, or material harm to our reputation — we may terminate the agreement and require a refund and payment of contractual penalties and losses.

BUSINESS

We enter into licensing agreement with the IP proprietors or licensors where they allow us to develop and sell branded products based on their IPs. For IP licensors, we emphasize collaborative innovation and mutual success. Our partnerships focus on co-creation to enhance IP value through derivative products that expand the proprietary IPs’ appeal and market presence. We deeply involve licensors from initial character design through product development stages. We are committed to maintaining excellent relationships with our licensors and actively seek partnerships with additional world-renowned intellectual properties to broaden our offerings.

For the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers in each period amounted to RMB242.6 million, RMB226.7 million and RMB616.6 million, representing 21.0%, 14.2% and 20.2% of our total purchase amount for the respective periods. For the years ended December 31, 2023, 2024 and 2025, purchases from our largest supplier in each period amounted to RMB62.6 million, RMB49.9 million and RMB214.6 million, representing 5.4%, 3.1% and 7.0% of our total purchase amount for the respective periods.

One of our Directors had shareholding interest (less than 0.1% as of the Latest Practicable Date) in an affiliate of one of our five largest suppliers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, other than the foregoing none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in each year during the Track Record Period that are required to be disclosed under the Listing Rules.

Our procurement agreements with our suppliers are legally binding and typically contain the following salient terms:

Order and pricing. Our procurement agreements with suppliers usually include terms of ordering process, that is, we shall issue a procurement plan to suppliers through our SAP system. The price terms will be specifically agree upon the orders confirmed by suppliers and us.

Product delivery. Our procurement agreements with suppliers usually include terms to ensure that our suppliers will adhere to our orders and delivery instructions, such as those stipulating our suppliers’ obligations to pay liquidated damages for their failure to deliver goods on time.

Quality control. Our procurement agreements with suppliers usually include terms that require supplier to obey our quality control standards, such as those stipulating our suppliers’ obligations to compensate us for losses arising from defects in product quality.

BUSINESS

Breach of contract. Our procurement agreements with suppliers usually include terms of liability for breach of contract, such as that suppliers shall repair, replace, or recall the relevant products according to our requirements and bear the costs incurred thereby for providing products with quality problems.

Intellectual property rights. Our procurement agreements with suppliers usually include terms to ensure that our suppliers provide products that are free from IP defects including potential infringement of the legitimate rights and interests of any third party. Suppliers’ failure to meet such requirements will entitle us to terminate the agreement with such supplier in certain circumstances and claim damages.

Commissioned production. Our procurement agreements with suppliers usually include terms to ensure that any commissioned production conducted by suppliers will be previously confirmed by us in writing. The confirmation shall include the third-party commissioner’s name, qualifications and other detailed information related to commissioned production. Suppliers’ failure to follow such requirements will entitle us to terminate the agreement and claim damages.

Confidentiality. Our suppliers shall take adequate measures to keep all sensitive information from us strictly confidential. Suppliers and other relevant responsible parties shall be jointly and severally liable for our losses due to unauthorized disclosure of our business secrets and intellectual property information.

Term/duration. Our procurement agreements with suppliers are usually of a term of one year.

Separately, we will usually enter into non-disclosure agreements with our suppliers to protect our trade secrets and intellectual property. We also require the suppliers not to directly or indirectly cooperate with brands whose business models are the same or similar to us. Suppliers’ failure to follow the obligations in non-disclosure agreement will entitle us to terminate the agreement and claim liquidated damages. The term of our non-disclosure agreements entered into with suppliers usually is one year.

Warehouse and Logistics

Our products were distributed through our three leased warehouses. Suppliers are generally responsible for delivering products to our warehouses either by themselves or through third-party logistics service providers. Products are distributed from our warehouses to TOP TOY stores (other than those operated by distributors) at a frequency depending on demand, and shipments are allocated dynamically based on real-time consumer demand and inventory data.

BUSINESS

DIGITALIZATION AND INFORMATION SYSTEM

We utilize a comprehensive technology system that seamlessly connects all major aspects of our business operations — including supply chain management, store operations, customer engagement, and targeted marketing. Powered by this highly scalable and efficient platform, we ensure consistent, centralized store management while enabling rapid expansion with consistent quality standards.

We adopt a digital supply chain infrastructure that includes multiple integrated systems. Our product lifecycle management system incorporates frontline employee insights into product development. The intelligent inventory replenishment module analyzes comprehensive data to generate demand forecasts and optimize store-specific stock mixes. Our online quality control systems encompass supplier quality monitoring and a big-data risk control system that aggregates external quality data from multiple sources.

We leverage mobile intelligent store management tools featuring a merchandise display management system and an assistant for store managers. The merchandise display management system is designed to visualize, synchronize and optimize shelf display management at TOP TOY stores. The assistant to store managers provide store managers with real-time inventory level, product sales trends, pricing information, and other important store operating metrics.

Our digital consumer engagement and marketing systems analyze consumer interaction data to develop customized profiles that guide our marketing strategies. This enables the delivery of tailored content, including personalized promotions and product suggestions, through individualized communication channels.

CONSUMER SUPPORT AND PROTECTION

Our customer service personnel respond to customer complaints and suggestions. For model figures and building blocks, we accept returns and exchanges before the products are unpacked and generally only accept product exchanges for defective products. For other products, we strictly abide by the seven-day return policy for our products where consumers can return the products within seven days of purchase or delivery subject to certain terms and conditions. If there is any product defect, we will deal with the claims from consumers and bear the relevant product liabilities. To the extent the defect is caused by our partner factories, we would seek indemnity from them. During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints and have not experienced material product recalls or product returns.

BUSINESS

INTELLECTUAL PROPERTY

We regard our trademarks, domain names, know-how, trade secrets and similar intellectual property as critical to our success, and we rely on trademark and copyright law and confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. As of December 31, 2025, we had entered into collaboration with 37 IP licensors around the world. We had 411 trademarks in more than 90 countries and regions, 5 patents, 175 copyrights relating to various aspects of our operations, and 4 registered domain names (including www.toptoyglobal.com) as of December 31, 2025. We view 30 of our registered trademarks for the TOP TOY brand as our core trademarks. We believe these trademarks are material to our operations due to their registration classes and/or the markets in which they are registered. Please refer to “Appendix — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights” for further details.

We have established and implemented the TOP TOY Intellectual Property Management System. A dedicated team is responsible for receiving, safeguarding, and managing all of our IP rights-related documents and certificates of rights. IP archives are managed according to the type of right and its corresponding level, with clear labeling of risk and importance to ensure clear and organized management of IP assets. For original works created by us, such as product design drawings, IP characters, and designed commercial identifiers, we promptly submit applications for copyright registration to the relevant government authorities. We also conduct comprehensive assessment to identify and avoid potential infringement of third-party IP rights. In addition, we proactively monitor public IP registration platforms and the market for any unauthorized appearances of our proprietary IP, actively seeking legal actions or remedies for any potential or identified infringements. For licensed collaborations, prior to entering into any IP licensing agreements, we conduct thorough due diligence to verify the legitimacy and ownership of the licensed IP prior to entering into any IP licensing agreements, thereby mitigating the risk of rights-related defects. When using licensed IP characters from third parties, we require our business departments to strictly adhere to the authorized scope of use. They are prohibited from altering the works or using them beyond the authorized scope without the copyright owner’s consent. For products developed through IP collaborations, usage is strictly confined to the licensed terms. Furthermore, we contractually require our IP licensors to undertake active enforcement obligations and to guarantee that their authorization does not infringe upon any third-party intellectual property rights. To the best of our knowledge, we have not experienced any incidents of unauthorized use of intellectual property rights by third parties, nor have we infringed upon the intellectual property rights of any third party during the Track Record Period and up to the Latest Practicable Date.

When developing products based on licensed IPs, we ensure that substantial and independent creative effort is invested, such that the final product qualifies as derivative work under PRC law. Our creative contributions include: introducing new visual elements, design features, product forms, or packaging concepts that align with the IP style and usage guidelines while demonstrating independent creativity; developing new forms of expression, usage scenarios, or user experiences that expand the application of the IP while preserving its core

BUSINESS

characteristics; and creatively reinterpreting characters, settings, or thematic elements in accordance with the original spirit and the licensor’s adaptation guidelines to achieve new artistic or product innovation. All derivative product designs are independently conceived and executed by our internal design teams within the scope of the IP license. For exclusively licensed IP, we hold exclusive usage rights of the derivative creations during the contract term. For non-exclusively licensed IP, although the contract may not explicitly grant exclusive rights to derivative works to us, as advised by Frost & Sullivan, it is a common industry practice for the licensor to refrain from authorizing other parties to use the same derivative creations to protect the licensee’s investment and prevent market confusion.

We enter into licensing agreement with the IP proprietors or licensors. Below set forth the key terms of the license agreements:

Licensing rights. The IP proprietors or licensors usually grant us the non-exclusive rights to manufacture, distribute, sell and promote products as specified in the agreements in specific regions based on their IPs as specified under the agreements during the term of the agreements.

Sales Channels. We are authorized to sell the products through general offline channels as well as online/e-commerce channels. The licensing agreements may specify each sales channel, and sales through wholesalers require the approval and authorization of the IP proprietors or licensors. For any unauthorized sales, the IP proprietors or licensors are entitled to additional remedies.

Duration. The initial term of our licensing agreements is generally around two years.

Use of logo and trademark. We are authorized to use the official logo and trademark of the licensed IPs on our products, promotion activities of the licensed products and advertisement materials.

Product type. The licensing agreements specify the type of products we have the right to develop, manufacture and sell. Generally, we have the right to develop and sell pop toys under the licensing agreements.

Sub-license. We are generally not allowed to sub-license the IPs under the license agreement.

Sub-contracting. We are entitled to engage third parties as subcontractors to manufacture the licensed products or promotional/packaging materials, provided that we have applied for and obtained approval from the IP proprietors or licensors.

Minimum loyalty fees. For each year, we generally need to pay IP proprietors or licensors an amount of minimum loyalty fees as specified in the license agreements. Such paid minimum loyalty amount can be deducted in the commissions fees expected to be paid by us.

BUSINESS

Commission fees. The commission fees are charged at different rates depending on the category of transaction or sale, and are generally calculated as a specified percentage of the total sales amount or the total invoiced amount.

Sell-off period. We are typically allowed to sell the unsold products developed under the IPs within three months after the termination of the license agreement.

Validity of IP rights and Infringement. The IP proprietors or licensors represent that they have the relevant intellectual property rights or full authorization in relation to the IPs.

Labeling. Any licensed product sold within the licensed territory must bear the appropriate certification labels as requested by the IP proprietors or licensors.

Termination. Either we or the IP proprietors or licensors are entitled to terminate the agreement upon the occurrence of certain specified events, such as a material breach of agreement, breach of law or bankruptcy.

We actively manage our portfolio of licensed IPs and initiates renewal discussions well in advance of expiration dates. During the Track Record Period, we have not experienced any instance where we sought to renew a licensed IP but was rejected by the licensor. Our standard process involves a performance review of each licensed IP as its contract nears expiration. Based on this review, we make a strategic decision on whether to pursue renewal.

OUR CUSTOMERS

Our customers primarily include TOP TOY Retail Partners, distributors and consumers. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers in each period amounted to RMB1,117.8 million, RMB1,263.3 million and RMB2,130.8 million, representing 76.5%, 66.2% and 59.5% of our total revenue for the respective periods. For the years ended December 31, 2023, 2024 and 2025, revenue from our largest customer in each period amounted to RMB781.4 million, RMB922.8 million and RMB1,671.4 million, representing 53.5%, 48.3% and 46.6% of our total revenue for the respective periods. The table below sets forth the details of our five largest customers in each period during the Track Record Period.

<u>Customer</u>	<u>Commencement of Business Relationship</u>	<u>Revenue</u> <i>(RMB in thousands)</i>	<u>% of Total Revenue</u>	<u>Customer Type</u>	<u>Credit Terms</u>
Year ended December 31, 2025					
MINISO Group ⁽¹⁾	2021	1,671,368	46.6%	Distributor	the following month

BUSINESS

Customer	Commencement of Business Relationship	Revenue (RMB in thousands)	% of Total Revenue	Customer Type	Credit Terms
Customer A ⁽²⁾	2021	178,643	5.0%	Top Toy Retail Partner	6 months
Customer G ⁽³⁾	2025	110,636	3.1%	Distributor	1 month
Customer B ⁽²⁾	2023	99,344	2.8%	Top Toy Retail Partner	6 months
Customer C ⁽²⁾	2023	70,812	2.0%	Top Toy Retail Partner	6 months
Total		<u>2,130,803</u>	<u>59.5%</u>		
Year ended December 31, 2024					
MINISO Group ⁽¹⁾	2021	922,785	48.3%	Distributor	the following month
Customer A ⁽²⁾	2021	229,581	12.0%	Top Toy Retail Partner	6 months
Customer D ⁽²⁾	2020	41,692	2.2%	Top Toy Retail Partner	3 months
Customer B ⁽²⁾	2023	37,480	2.0%	Top Toy Retail Partner	6 months
Customer C ⁽²⁾	2023	31,725	1.7%	Top Toy Retail Partner	6 months
Total		<u>1,263,263</u>	<u>66.2%</u>		
Year ended December 31, 2023					
MINISO Group ⁽¹⁾	2021	781,358 ⁽⁴⁾	53.5%	Distributor	the following month
Customer A ⁽²⁾	2021	256,238	17.5%	Top Toy Retail Partner	6 months
Customer E and its related party ⁽⁴⁾	2021	31,561	2.2%	Distributor	1 month
Customer F and its related party ⁽⁵⁾	2022	25,143	1.7%	Distributor	N/A
Customer D ⁽²⁾	2020	23,515	1.6%	Top Toy Retail Partner	3 months
Total		<u>1,117,815</u>	<u>76.5%</u>		

Notes:

- (1) MINISO Group was an overlapping supplier during the Track Record Period. See “— Overlapping Customers and Suppliers.” Upon [REDACTED], the transactions with MINISO Group will constitute continuing connected transactions between MINISO Group and us. For details, please refer to the section “Connected Transactions” in this document. MINISO Group is a public company and the shares of which are listed on the Main Board (stock code: 9896) and the ADSs of which are listed on the NYSE under the symbol “MNSO”.

BUSINESS

- (2) TOP TOY Retail Partners who are individuals.
- (3) Customer G is a cultural and creative company headquartered in Hong Kong. Customer G is a private company with a registered capital of HKD10 thousand.
- (4) Customer E is a toy products sales and market planning company headquartered in Guangdong Province, China. Customer E is a private company with a registered capital of RMB1.0 million.
- (5) Customer F is a toy, animation and amusement products sales company headquartered in Jiangsu Province, China, with its related party headquartered in Shenzhen, China. Customer F is a private company with a registered capital of RMB10.0 million.

To the knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, except for MINISO Group which was one of our five largest customers in 2023, 2024 and 2025, our five largest customers in each period during the Track Record Period were Independent Third Parties.

Except for MINISO Group, during the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in any of our five largest customers in each year during the Track Record Period that are required to be disclosed under the Listing Rules. Please refer to “Connected Transactions” and “Relationship with Controlling Shareholders” for further details regarding our collaboration with MINISO Group.

We have implemented a multi-pronged strategy to reduce reliance on any single distributor, including MINISO, by establishing a broad, omni-channel sales and distribution network both domestically and internationally. Beyond MINISO, the Company’s extensive channels include directly operated stores, TOP TOY retail partner-operated stores, online sales, large offline retailers such as Sam’s Club and Don Don Donki, and a variety of other retail partners.

In Chinese Mainland, we are actively expanding and upgrading our physical store network, with an emphasis on opening new flagship locations and refurbishing existing stores to strengthen brand presence and accelerate sales growth. This expansion is demonstrated by our progress during the Track Record Period, during which the number of stores in Chinese Mainland increased from 148 as of December 31, 2023, to 304 as of December 31, 2025. Simultaneously, we are developing our online channels, especially our mini-program, to accumulate private domain traffic and enhance brand awareness and conversion.

We have also been consistently diversifying our independent third-party distributor base. Our distributor network in Chinese Mainland grew from 11 as of December 31, 2023, to 215 as of December 31, 2025. We plan to further increase sales through this channel by deepening collaborations with key accounts. This includes diversifying our product assortments, securing additional shelf space and launching exclusive product lines.

BUSINESS

In overseas markets, our expansion focuses on establishing self-operated stores, broadening our presence on major global e-commerce platforms, and enhancing direct-to-consumer initiatives. Our international footprint has already extended, with the number of TOP TOY stores outside Chinese Mainland rising from 4 as of December 31, 2024, to 30 as of December 31, 2025. We anticipate further growth, with plans to open more directly operated or TOP TOY Retail Partner-operated stores outside Chinese Mainland in 2026. To drive e-commerce sales, we will increase engagement on international platforms through optimized product listings, localized digital marketing, and region-specific promotions. Over the medium to long term, we plan to distribute products through independent third-party distributors to more countries and regions.

According to Frost & Sullivan, there exists adequate alternative distributors that are capable of distributing the Group’s pop toys at a similar scale to MINISO. The Group can leverage pop toy collection stores, general toy retailers, lifestyle and variety stores, supermarkets, and ecommerce platforms. These channels not only provide extensive geographic coverage and large customer traffic, but also possess mature retail operations, established supply chain systems, and proven capabilities in managing fast-moving products. Moreover, online marketplaces and social-commerce platforms continue to expand their participation in the pop toy sector. Collectively, this diversified channel landscape offers sufficient scale, stability, and market reach to support the effective and sustainable distribution of the Group’s pop toy products.

OVERLAPPING CUSTOMERS AND SUPPLIERS

MINISO Group, one of our five largest customers in 2023, 2024 and 2025, was also our supplier during the Track Record Period. MINISO Group is a global value retailer offering a variety of trendy lifestyle products featuring IP design. During the Track Record Period, we distributed our pop toy products through stores operated by MINISO Group and procured IT support services and other management service from MINISO Group. In 2023, 2024 and 2025, our sales to MINISO Group amounted to RMB781.4 million, RMB922.8 million and RMB1,671.4 million, accounting for 53.5%, 48.3% and 46.6% of our revenue during the same periods, respectively, and our purchases from MINISO Group amounted to RMB9.1 million, RMB15.6 million and RMB5.5 million, accounting for 0.8%, 1.0% and 0.2% of our total purchases in the same periods, respectively. For further details, see “Connected Transactions.”

Our largest supplier in 2025, was also our customer during the Track Record Period (“Customer-Supplier Y”). Customer-Supplier Y is a company primarily engaged in toy products sales, IP licensing service and e-commerce platform service and an Independent Third Party. During the Track Record Period, we procured pop toy products, IP licensing service for IPs including Sanrio and Crayon Shin-chan, and e-commerce platform services and platform promotion services for our flagship store on e-commerce channels from Customer-Supplier Y, and Customer-Supplier Y procured our self-developed products from our Company. In 2023, 2024 and 2025, our purchases from Customer-Supplier Y amounted to RMB22.4 million, RMB39.6 million and RMB214.6 million, accounting for 1.9%, 2.5% and 7.0% of our total

BUSINESS

purchases in the same periods, respectively, and our sales to Customer-Supplier Y amounted to RMB0.3 million, RMB0.6 million and RMB3.3 million, accounting for less than 0.1%, less than 0.1% and 0.1% for our total revenue during the same periods, respectively.

The sales to and purchases from such overlapping customers and suppliers were neither inter-connected nor inter-conditional with each other, and were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

COMPETITION

The pop toy market in China is competitive and fragmented. Our competitors comprise both brand-owned retailers and pop toy collection retailers.

We believe that we are positioned favorably against our competitors on the basis of (i) our strong brand momentum and commercialization capabilities, (ii) our diverse IP matrix and comprehensive product portfolio, (iii) engaging in-store shopping experience and engagement driven operation, (iv) our fast-growing store network, (v) our agile, efficient and digitalized supply chain, (iv) our multi-channel operation, (vi) our global scalability and capability penetrating into various tiers of cities, and (vii) our experienced founder and entrepreneurial management team. These competitive advantages all contribute to the core value propositions of our products, which remain the key attraction to consumers.

SEASONALITY

We are subject to seasonal fluctuations in consumer demand. For instance, we typically experience sales peaks during major festivals such as the New Year and Christmas, as well as during the summer period, which is largely attributable to the summer vacation. According to Frost & Sullivan, this pattern of seasonal fluctuation is common in China’s pop toy industry. In anticipation of increased orders during these peak seasons, we strategically maintain higher inventory levels in the preceding weeks to ensure supply continuity.

EMPLOYEES

We had a total of 616 full-time employees as of December 31, 2025. As of December 31, 2025, 507 of our full-time employees are located in China and 109 full-time employees are located in certain overseas countries. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2025.

	<u>Number of Employees</u>
Function	
Product Development and Supply Chain	174
Business Operation	364

BUSINESS

	<u>Number of Employees</u>
Marketing	21
Administration	57
Total	616

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. We provide training programs for our employees in order to enhance their professional and technical skills and understanding of our industry. We believe that we maintain a good working relationship with our employees, and we have not experienced any work stoppages due to labor disputes in the past. None of our employees are represented by labor unions.

Under applicable laws, we participate in various government statutory employee benefit plans, including social insurance funds, namely, medical insurance, maternity insurance, workplace injury insurance, unemployment insurance, and pension benefits, as well as a housing provident fund. We are required under applicable laws to contribute to employee benefit plans at specified percentages of the salaries, bonuses, and certain allowances of our employees up to a maximum amount specified by the local government from time to time.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality agreements with all of our employees and non-compete agreements with our key employees. The non-compete restricted period typically expires two years after the termination of employment period. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material strikes, protests or other labor conflict or dispute.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by applicable laws and regulations and in accordance with the commercial practices in our industry. We maintain various insurance policies to safeguard against risks and unexpected events, including property insurance covering inventory and warehouses. We provide social security insurance for our employees as required by PRC law. During the Track Record Period, we did not make any material insurance claims in relation to our business. For risk factors relating to our insurance policies, please see “Risk Factors — Risks Related to Our Business and Industry — Our insurance coverage may be inefficient, which could expose us to significant costs.”

BUSINESS

PROPERTIES

As of the Latest Practicable Date, we did not own any real property. As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased Properties

Our corporate headquarters is located in Guangzhou, China, where we lease office space with an area of 2,568 square meters. In addition, as of the Latest Practicable Date, we had also leased office space of 3,865 square meters in other cities in China. We also leased approximately 15,462 square meters and 2,341 square meters overseas for TOP TOY stores as of the Latest Practicable Date. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth. As of the Latest Practicable Date, we had leased three main warehouses in China with a total size of 37,897 square meters.

As of the Latest Practicable Date, the lessors of 19 of the leased premises, which are mainly used as stores, offices and warehouses, had not provided copies of the real property title certificates to us. In addition, under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, the lease agreements for 68 leased properties China had not been registered with the relevant PRC government authorities. As advised by our PRC Legal Adviser, the penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. The aggregate maximum potential penalty which may be imposed as a result of the non-registration was RMB680,000 as of the Latest Practicable Date. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities in respect of lease registrations, nor had we received any rectification notice from the relevant PRC government authorities regarding lease registrations. See “Risk Factors — Risks Related to Our Business and Industry — Our leased property interest may be defective and our leases of certain properties may be challenged.” In the event that relocation becomes necessary, we believe we can promptly find suitable alternative space for relocation under comparable terms, without material operational disruption or costs, considering the nature and respective size of use of these leased properties.

Our servers are primarily hosted at internet data centers owned by major internet data center providers in China. We believe that our current facilities are adequate and that we will be able to obtain additional facilities, principally through leasing, to accommodate any future expansion plans.

BUSINESS

DATA PRIVACY AND SECURITY

We collect gender, age, telephone number, location, email address, order history, and reward points records from consumers, as well as the name and address of contact persons of business partners. We also collect certain necessary information from employees. We are committed to protecting consumers’ personal information privacy and security. We follow strictly the relevant laws and regulations, including the recently promulgated Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》), in collecting the personal information of consumers, and we conduct regular self-inspections and correct any irregularities found to ensure our maximum protection of each consumer’s personal information.

Data protection policies. We maintain a multi-layered internal control framework to safeguard personal information and ensure compliance with data protection regulations. (i) Technical Security Controls: we have implemented robust technical defenses, including encryption monitoring systems and firewalls. (ii) Organizational & Administrative Controls: our governance structure clearly assigns roles and responsibilities. The legal team is responsible for privacy compliance, ensuring our data processing activities adhere to applicable laws and regulations. The information security team oversees the overall data security strategy, incident response, and the implementation of technical safeguards. In addition, we have established comprehensive policies, such as a Personal Information Protection and Management Procedure and Personal Information Protection and Management Specification.

Management standards for information system security, data security, Internet security and operation and maintenance security. These management standard policies are formulated to strengthen and standardize the security control of the entire life cycle of information in our Company, covering the key control points for internal data security, system development security, network intrusion prevention and information system operation.

Third-party information security guidelines. These guidelines govern how we manage interactions with suppliers and service providers to ensure information security and data protection, and they stipulate the responsibilities, procedures and requirements to be followed by our employees in managing information security and data privacy with suppliers and service providers.

Incident response policy. Our incident response policy implements the incident response mandate provided in the data protection policy, describes the incident response plan, and ensures quick detection and reporting of and response to information security incidents.

We currently use third-party clouds to host our network infrastructure. The third-party cloud service providers have encryption protocols and other security measures in place to safeguard our data. In addition, we back up our consumer and other forms of personal data on a regular basis and conduct frequent reviews of our back-up systems.

Despite the data privacy and security policies and measures adopted, there is no guarantee that advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments will not result in a compromise or breach of the technology that we use to protect confidential information. See “Risk Factors — Risks Related

BUSINESS

to Our Business and Industry — Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.” On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly issued the Cybersecurity Review Measures, which require that (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any network platform operator which has personal information of more than one million users and is going to be listed abroad, shall be subject to cybersecurity review, or (iii) any data processing activities by network platform operators, which affect or may affect national security. With respect to (i) and (ii), we have not been designated by the relevant PRC authorities as an operator of “critical information infrastructure” and the [REDACTED] does not constitute a “listing abroad” under the Cybersecurity Review Measures. In terms of (iii), we do not believe that our handling of the data stored by our cloud service provider affects or may affect national security, given that (a) we only collect user data necessary for providing our products and services, and none of such data would endanger national security and public interests if tampered with, damaged, disclosed, illegally obtained or illegally utilized. In addition, we have not received any notice, investigation, or penalty from the relevant authorities indicating that our data processing activities could potentially endanger national security nor have we received any notice from the relevant authorities requiring us to conduct a cybersecurity review. Therefore, we do not believe that we are subject to a cybersecurity review by the CAC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to leveraging our ability to create value for society. Since our founding, we have adopted as our long-term strategic goal to promote environmental sustainability, support and participate in socially responsible projects, and adhere to a high standard of corporate governance. We do not operate any significant production facilities. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we complied with relevant health, work safety, social or environmental laws and regulations in all material respects, and did not have any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major safety incident that occurred in the course of our business operations.

ESG Governance

Our Directors are directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values.

BUSINESS

Upon the [REDACTED], we will establish an ESG working group, consisting of senior management and staff with a solid understanding of ESG issues and our business. The ESG working group will be responsible for the continual assessment of ESG matters on a regular basis and directly report to the Board. To identify and assess the materiality of ESG-related risks, we conduct scenario analysis across three time horizons: short-term, medium-term, and long-term, and evaluate ESG topics from two dimensions of “materiality to the Company” and “materiality to stakeholders”. We have identified certain ESG-related risks in connection with our business over the short term, medium term and long-term, and have formulated strategies and implemented systems to manage and mitigate these risks.

Set forth below are the key factors and metrics adopted for the materiality assessment and the corresponding ESG-related risks identified:

Factors and Metrics	Period	Risks Identified
- Employee training record - Annual employee assessment result	Short-term and medium-term	Professional Development
Feedbacks to internal surveys on employee satisfaction	Short-term and medium-term	Employee Well-being and Diversity
- Annual electricity consumption and carbon emission - Carbon footprint assessments	Short-term, medium-term and long-term	Energy Savings and Emission Reduction
Recycling and utilization of packaging materials	Short-term, medium-term and long-term	Supply Chain Management

Product Quality and Safety

We prioritize product quality and safety through a comprehensive control system supported by stringent policies and a specialized engineering and quality team. In 2024, we enhanced our design and production oversight by establishing a dedicated engineering team that reviews raw materials, assembly structures, and manufacturing processes during development.

We adhere to rigorous internal standards — such as our Testing Manual, Restricted Substances List, and International Toy Standards — aligned with the strictest global regulations, such as the regulations in Europe, the United States, Canada and China. For instance, in 2025, we introduced corporate standard Q/TOPTOY 003-2025 for our products, imposing stricter limits on toxic chemicals to enhance safety and environmental performance.

BUSINESS

We use recyclable materials for all product packaging, additionally, we avoid the use of hot melt adhesive, heavy metals, phthalates, and other regulated chemical substances in our products, and use inks compliant with relevant EU regulations to reduce environmental impact.

Supply Chain Management

We have implemented measures to streamline production, warehousing, transportation, and distribution operations to improve logistics efficiency, increase the recycling and utilization rate of cardboard packaging, and reduce carbon emissions. Supplier relationships are regulated through a Supplier Delivery Requirements Agreement and a Supplier Quality Behavior Agreement, which set standards for product quality, licensing, and other critical dimensions. Suppliers that fail to meet quality requirements or violate red-line standards during assessment or sampling are held accountable and required to rectify issues within one week or within two days in severe cases. Failure to comply may result in termination of cooperation.

Furthermore, we require suppliers to conduct carbon footprint assessments during production and provide corresponding emission data for verification to ensure compliance with our carbon emission standards. After delivery, we collect and review carbon emission data to monitor environmental impact throughout the production process. We aspire to promote environmental friendliness in third-party delivery by encouraging the logistics service providers to deploy more new energy vehicles in their fleets, optimize shipping routes, and use lightweight and recyclable packaging materials to reduce the volume and weight of packaging. We undertake careful supplier selection procedure before entering into any procurement agreement. The effectiveness of our supplier selection procedure is ensured by our management and staff with extensive experiences and expertises and the deployment of analysis tools in our supplier selection system. Supplier selection prioritizes emission reduction performance, and on-site inspections are conducted to evaluate production processes.

We are committed to aligning with internationally recognized standards and continuously improving raw material traceability and process management. Specific measures include promoting certification and origin tracing for key materials such as wood, paper, cotton, and leather. All wood and paper materials used in products and packaging must be sourced from Forest Stewardship Council (FSC)-certified suppliers. We also require suppliers to provide detailed information regarding the origin, brand, and specifications of raw materials to ensure full supply chain transparency. We plan to explore the application of bio-based materials, recyclable ABS or PLA biodegradable plastics in our products while maintaining high quality, strong durability and consistent appearance, which could gradually reduce the consumption of PVC and ABS plastics.

BUSINESS

Energy Savings and Emission Reduction

We actively promote green and low-carbon principles across all operated stores by optimizing electricity management, enhancing equipment efficiency and implementing digital tools to drive energy savings and emission reductions in operations. All of the directly operated stores have replaced their lighting with high-efficiency LED energy-saving fixtures. While maintaining the same level of illumination, the density of light fixtures has been decreased thereby reducing energy consumption.

Metrics

We are committed to operating our business in an environmentally sustainable manner. We have formulated a set of key performance indicators that are relevant to our ESG subject areas and identified targets based on the historical level of our key performance indicators.

The following table sets forth the total electricity consumption, total greenhouse gas emission, total use of office paper and total use of packaging materials of our store network during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
Total electricity consumption (kWh) . . .	875,185	1,462,910	2,544,649
Total greenhouse gas emission			
(ton-CO ₂ e)	470	1,033	330,768
– Scope 2 (ton-CO ₂ e) ¹	470	785	1,350
– Scope 3 (ton-CO ₂ e) ²	–	248	329,418
Total use of office paper (kilograms) . . .	370	1,083	1,985
Total use of packaging materials			
(kilograms)	64,483	85,087	135,122

Note:

- (1) Scope 2 greenhouse gas emissions are mainly generated from purchased electricity consumed in the Company’s operation. The electricity emission factor for Chinese Mainland is 0.5366 t CO₂/MWh, which is adopted from the Announcement on the Release of 2022 Power Carbon Dioxide Emission Factors by the Ministry of Ecology and Environment of China, refers to 0.774 t CO₂/MWh disclosed by Malaysia Energy Commission, Grid Emission Factor (GEF) in Malaysia.
- (2) Scope 3 greenhouse gas emissions have been counted in 2024 and 2025, which classify to Category 6 “business travel”. The relevant travel data are obtained from suppliers and the calculation method is Distance-based method.

BUSINESS

We aim to reduce total electricity consumption per unit of revenue of retail sales in directly operated stores by 2%-5% over the next three years. The target range is based on an internal assessment of potential energy-saving initiatives across our operations.

Our greenhouse gas emissions consist of Scope 2 and Scope 3 emissions. To reduce our Scope 2 emissions, our current priority actions including adopting recycling and regenerative technologies, transitioning to renewable energy, and promoting green office practices. We intend to purchase more electricity derived from renewable sources for our own operations, aiming to implement energy-efficiency measures across our store network and facilities.

We actively work with upstream and downstream stakeholders to reduce the Scope 3 emissions in our supply chain. This includes optimization of our shipping routes and transition to greener transportation methods. In addition, we encourage our employees to adopt green commuting practices to further minimize our Scope 3 emissions.

Corporate Social Responsibilities

We are committed to being responsible corporate citizens, continuously fulfilling corporate social responsibility. We recognize the size and influence of our platform, and seek to utilize our influence in a socially responsible manner. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

Employee Well-being and Diversity

We believe a core part of our corporate social responsibility is to take care of our employees. We value our people and respect the dignity, character, privacy, and personal interest of each of our employees. We place strong emphasis on well-being in the workplace. Activities are organized regularly to facilitate our employees to explore and pursue their hobbies and interests, and achieve a healthy work-life balance.

Our management team adheres to a simple and candid communication style, fostering a humble and honest atmosphere among all employees that cultivates strong bonds among our people. We actively work to create an inclusive and open environment where every employee feels valued and empowered to contribute to their fullest potential, and foster inclusion and equality among employees from all backgrounds, regardless of age, gender, disability, and citizenship status, among others. For example, we offer maternity and paternity leaves to our employees and have dedicated nursing rooms within our office building, and substantially all of our job postings are gender-blind.

BUSINESS

Professional Development

We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering a large variety of professional development training for new employees and store staff, along with specialized overseas training, management trainee programs, and leadership development initiatives. We continuously refine our training structure based on business needs and frontline employee feedback, ensuring a more detailed and targeted approach.

- *New employees:* We have established a structured onboarding training program covering the first week through probation period to ensure a smooth transition into the Company.
- *Store staff:* We have designed a comprehensive training system specifically for store personnel, featuring diverse training modules categorized by employee roles and product positioning. For example, in July 2024, we invited SGS, a globally renowned inspection and certification laboratory, to conduct training on overseas regulations, including EU toy standards (EN 71.1- 3), US toy standards (ASTM F963), and Chinese national standards, particularly regarding compliance issues related to chemical substances and electronic components. This training program enhanced the compliance awareness of our procurement and engineering teams, further elevating internal product safety and quality control standards.

We conduct employee assessments at the end of each year to provide feedback and guidance, and, depending on their performance and responsibilities, provide promotion and training opportunities.

Business Ethics

We insist “zero-tolerance” towards anti-corruption and integrity compliance. We have established anti-corruption management requirements for our Directors, employees, suppliers, store staff and other business partners.

- *For Directors and all employees:* We have formulated the *Code of Business Conduct and Ethics*, applicable to Directors, senior management, and all employees, which includes anti-corruption requirements such as conflicts of interest, gifts and gratuities, and compliance with the FCPA. New employees must also sign the *Letter of Commitment of Integrity* alongside their employment contracts.
- *For store staff:* All store staff (both in directly operated stores and TOP TOY Retail Partner stores) must sign the *Integrity Contract*.
- *For suppliers:* In all business contracts, a signed *Anti-Commercial Bribery Notice* must be included.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any cases related to fraud, bribery or other misconduct committed by employees, TOP TOY Retail Partners, distributors, suppliers and other third parties.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, internal control, regulatory compliance, human resources risk management and anti-corruption.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and information technology systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, finance and other departments work closely together to: (a) perform risk assessments and give advice on risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our company. Furthermore, we have adopted stringent internal measures in the management of our designers and to prevent IP infringement in our product design. For further details, see “— Intellectual Property.”

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Complaint Handling

We provide contact information on the interfaces of our website, mini-programs and our products for our consumers to ask questions and solve potential problems. Our consumers can lodge any complaint they may have via email, telephone and other methods. Any complaint received will be handled by the relevant business department, including verification and response. We did not receive any material complaints from consumers or platform users and had no material product recalls during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Regulatory Compliance and Legal Risk Management

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our legal team conduct regular reviews to monitor the status and effectiveness of those licenses and approvals.

Human Resources Risk Management and Anti-Corruption

We have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethic and legal compliance. Each of our senior management team and key employees has entered into with us an employment agreement containing confidentiality, intellectual property and non-competition provisions.

We have in place an employee handbook and a code of conduct which is distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We also provide regular and specialized training tailored to the needs of our employees in different departments, through which we enable our employees to better comply with applicable laws and regulations in the course of conducting business.

We also have in place anti-corruption policy to safeguard against corruption within our company. We have an internal reporting channel that is open and available for our employees to report suspected corrupt acts anonymously. We have a team that is responsible for investigating the reported incidents and taking appropriate measures. Our procurement agreement with suppliers includes anti-corruption provisions, and our dedicated internal control personnel regularly reviews procurement process and outcome.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business involving employment, copyrights, contract disputes and other matters. See “Risk Factors — Risks Relating to Our Business and Industry — We may, from time to time, be subject to legal proceedings during the course of our business operations. Our directors, management, shareholders, employees and business partners may also from time to time be subject to legal proceedings, which could adversely affect our reputation and results of operations.” During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us which may have a material and adverse impact on our business, financial condition or results of operations.

BUSINESS

Licenses and Permits

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We had not experienced any material difficulties in renewing material licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date and do not expect there to be any material difficulties in renewing them upon their expiry, if applicable. During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for non-compliance relating to material licenses, permits or certificates.

Compliance

During the Track Record Period and as of the Latest Practicable Date, we had not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our company as a whole.

AWARDS AND RECOGNITION

We received a number of recognition for brand recognition and innovations in product design. The following table sets out selected awards and recognition the Company had received as of the Latest Practicable Date. Some of the significant awards and recognition that we have received are set forth below.

No.	Year	Award/Recognition	Awarding Institution/Authority
1	2025	2025 Guangzhou Unicorn Innovative Enterprises (2025廣州獨角獸創新企業)	Guangzhou Municipal Bureau of Science and Technology (廣州市科技局), Guangzhou Science and Technology Innovation Enterprise Association (廣州市科技創新企業協會), Guangzhou Industrial Development Research Institute (廣州產業發展研究院)
2	2025	2023-2024 Forbes China New Retail Potential Enterprises TOP 50 (2023-2024福布斯中國新零售潛力企業 TOP 50)	Forbes China (福布斯中國)
3	2024	2024 Asian Licensing Excellence Awards — Licensee of the Year (Toys) (2024亞洲授權業卓越大獎—年度被授權商(玩具))	Asian Licensing Association (亞洲授權業協會)
4	2023	2022 Forbes China Top 100 Emerging Brands (2022福布斯中國新銳品牌Top 100)	Forbes China (福布斯中國)
5	2023	China Chain Store Annual Outstanding Case (中國連鎖年度優秀案例)	China Chain Store & Franchise Association (中國連鎖經營協會)
6	2022	2022 Winshang.com Top 100 Annual Emerging Brands (2022年贏商網百強榜年度新興品牌 TOP 100)	Winshang.com (贏商網)
7	2021	2021 China New Growth Innovation Practice Brand (2021中國新增長創新實踐品牌)	Harvard Business Review (哈佛商業評論)