*You should read the following discussion and analysis in conjunction with our historical financial information as of and for the years ended December 31, 2023, 2024 and 2025 included in "Appendix I — Accountants' Report" to this document, together with the respective accompanying notes. Our historical financial information have been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report, and not merely rely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including "Risk Factors" and "Business."*

## OVERVIEW

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 wide omni-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.

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.

## BASIS OF PRESENTATION

Upon completion of the Reorganization and the Business Rearrangement, our Company became the holding company of the companies now comprising our Group for our principal businesses. See the section headed "History, Reorganization and Corporate Structure" in this document for more details. As our Group's principal businesses were ultimately controlled by our Controlling Shareholder during the Track Record Period and both before and after the Reorganization and the Business Rearrangement, the control is not transitory and consequently there was a continuation of the risks and benefits to our Controlling Shareholder. Accordingly, our historical financial information has been prepared and presented using the merger basis of accounting as if our current group structure had been in existence and remained unchanged throughout the Track Record Period.

The historical financial information presented in this section has been prepared in accordance with all applicable IFRS Accounting Standards ("**IFRSs**") as issued by the International Accounting Standards Board ("**IASB**"). The IASB has issued a number of new and revised IFRSs. For the purpose of preparing our historical financial information, our Group has adopted all applicable new and revised IFRSs effective for the accounting period beginning on January 1, 2025, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The measurement basis used in the preparation of our historical financial information is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are set forth in notes 2 and 3 to the Accountants' Report in Appendix I to this document.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors that impact the overall pop toy market, including, among others, the overall economic and industry trends and related impact on consumer behavior, market demand for pop toys, and the competitive environment. Unfavorable changes in any of these general conditions could materially and adversely affect our results of operations.

While our business is influenced by these general factors, our results of operations are more directly affected by the following company-specific factors.

## IP Portfolio and Operations

At the core of our business is our ability to build and leverage a robust and diverse portfolio of IPs. Our success is significantly dependent on our ability to identify and develop compelling proprietary IPs and maintain long-term collaborations with well-recognized third-party IP licensors. As of the Latest Practicable Date, we had 24 proprietary IPs and 42 licensed IPs. In 2023, 2024 and 2025, we derived total revenue of RMB757.3 million, RMB896.1 million and RMB1,977.0 million from proprietary and licensed IPs, respectively. Our financial performance is directly driven by our ability to develop proprietary IPs with engaging narratives and strong product potential, which enhances our creative control over product development and supports the creation and growth of long-lasting product series. The originality and market appeal of these products often result in strong sales performance and contribute to higher profitability. Equally important is our ability to attract and maintain partnerships with leading IP holders, which grants us access to established fan bases and enhances our product offerings. The success of our designs and reinterpretations of these licensed IPs directly impacts our revenue and market position. Our relationships and contractual terms with IP licensors also affect our business and profit margin. Our results are further affected by our expertise in IP operations, which involves a self-reinforcing cycle of design, marketing, and consumer engagement to maximize the commercial and cultural value of each IP.

## Product Design and Sourcing

Our financial results are directly linked to our ability to consistently design, develop, and launch pop toy products that resonate with evolving consumer tastes. We primarily generate revenue from the sale of products across our core categories: model figures, 3D building blocks and vinyl plush toys. Model figures are our highest-selling category, 3D building blocks have the broadest demographic reach, while vinyl plush toys are the fastest-growing category. The ability of our in-house design team to transform both proprietary and licensed IPs into innovative and high-quality products is critical to our business and financial success. This includes careful material selection, the application of unique finishes, and the creation of products with inherent collectability. The market's reception of our new product launches significantly impacts our sales, and the performance of these new items is a key determinant of our revenue growth. Furthermore, our ability to manage our product portfolio, balancing new and high-growth categories with established ones, affects our overall revenue and gross margins. The strategic balance between our self-developed products and carefully selected third-party products also influences our financial results. In 2025, our self-developed products accounted for over 55% of our total revenue, underscoring the importance of our own product development capabilities.

### Sales Network Development

Our results of operations are significantly affected by the success of our comprehensive omni-channel sales and distribution network. This network includes directly operated stores, TOP TOY Retail Partners, distributors, and a growing online presence across major e-commerce and social media platforms. Our ability to strategically expand our physical store network, both in China and internationally, remains an important driver of revenue growth, with these stores serving not only as sales channels but also as critical marketing and brand engagement touchpoints. As of December 31, 2025, we operated 334 TOP TOY stores, including 50 directly operated stores, 273 stores operated by TOP TOY Retail Partners, and 11 stores operated by distributors. Concurrently, our performance on platforms like Tmall and Douyin is increasingly contributing to our success. In 2023, 2024 and 2025, our revenue from online sales was RMB76.0 million, RMB140.3 million and RMB276.1 million, respectively. Offline distributors such as MINISO Group are also integral to our omni-channel network and continued growth in sales. Our capability to strategically expand this network, optimize the performance of each channel, and ensure seamless consumer experience across all touchpoints directly impacts our market share and long-term financial success.

### Global Market Expansion

Our results of operations are affected by our ability to execute our globalization strategy. We plan to continually expand our presence in overseas markets and capture the vast and growing opportunities in the global pop toy market. In 2025, we opened 28 overseas stores, which achieved high foot traffic and sales shortly after opening. In general, the pricing of our products in overseas markets is higher than in China, allowing us to capture good profit margins. As of the Latest Practicable Date, we have entered into international markets such as Thailand, Malaysia, Indonesia, and Japan. Looking ahead, we intend to further develop our overseas business in existing and new markets, including Southeast Asia, East Asia, and North and South America. At the same time, we continue to sell more products to numerous overseas markets through an online and offline distribution network.

### Brand Equity Growth

Our ability to build and continually strengthen the "TOP TOY" brand as a leading name in the pop toy market is crucial to our long-term success. Our results are impacted by our ability to attract and retain a loyal consumer base through strong brand equity. The effectiveness of our marketing initiatives and community engagement strategies significantly impacts sales and customer loyalty. Our approach focuses on creating a vibrant community through co-creation opportunities, social sharing, and immersive digital and physical experiences. The success of our comprehensive membership program, which had over 12 million registered members as of December 31, 2025, is a testament to this strategy. The increasing scale and loyalty of this engaged community are a key driver of our revenue and profitability.

### Supply Chain Efficiency

Our financial performance is significantly influenced by our ability to manage an integrated, efficient, and agile supply chain. Leveraging China's supply chain advantage in the pop toy sector is a key component of our competitive advantage. Our operational results are directly affected by our ability to source from highly qualified suppliers at competitive prices, which is essential to our ability to offer products with high appeal. Our digitally integrated supply chain management system enhances coordination with suppliers, streamlines processes, and improves productivity. With our strategically located warehouses in Zhaoqing and Shenyang, and supported by logistics parks and long-term partnerships with reliable logistics providers, we ensure rapid and reliable product delivery across the country. The efficiency of our supply chain allows us to manage a large and diverse portfolio of SKUs, accelerate the launch of new products, and maintain effective cost control, all of which are essential to our financial performance. In addition, we place a strong emphasis on the quality of materials and the craftsmanship of our suppliers, which are fundamental to maintaining the premium standards and appeal of our pop toy products. By partnering with suppliers who adhere to rigorous quality control processes and demonstrate strong manufacturing expertise, we are able to consistently deliver products that meet customer expectations. This commitment to quality drives repeat purchases and supports healthy margins, thereby contributing to our robust financial performance.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2 and 3 to the Accountants' Report in Appendix I to this document.

## DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss for the periods indicated in absolute amounts. This information should be read together with our historical financial information and related notes included elsewhere in this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

| | For the Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| **Revenue** | **1,461,107** | **1,908,825** | **3,586,960** |
| Cost of sales | (1,002,282) | (1,284,452) | (2,434,994) |
| **Gross profit** | **458,825** | **624,373** | **1,151,966** |
| Other income | 50 | 69 | 143 |
| Selling and distribution expenses | (152,022) | (201,857) | (543,590) |
| General and administrative expenses | (16,703) | (27,216) | (152,583) |
| Other net income/(loss) | 1,805 | 1,058 | (1,489) |
| Reversal of credit loss/(credit loss) on trade and other receivables | 871 | 970 | (10,483) |
| Impairment loss on non-current assets | (2,880) | (1,806) | (882) |
| **Operating profit** | **289,946** | **395,591** | **443,082** |
| Finance income | 1,129 | 1,093 | 5,101 |
| Finance costs | (4,287) | (5,798) | (8,990) |
| Net finance costs | (3,158) | (4,705) | (3,889) |
| Changes in the carrying amount of redemption liabilities | – | – | (158,491) |
| **Profit before taxation** | **286,788** | **390,886** | **280,702** |
| Income tax expense | (74,399) | (97,356) | (179,661) |
| **Profit for the year** | **212,389** | **293,530** | **101,041** |
| **Attributable to:** | | | |
| Equity shareholders of the Company | 212,389 | 297,156 | 92,725 |
| Non-controlling interests | – | (3,626) | 8,316 |
| **Profit for the year** | **212,389** | **293,530** | **101,041** |

*Note:*

(1) Credit loss on trade and other receivables in 2025 mainly represents the credit loss of the deposit due from a third party amounting to RMB10 million.

## NON-IFRS FINANCIAL MEASURE

In evaluating our business, we consider and use adjusted net (loss)/profit (Non-IFRS Measure) as a supplemental measure to review and assess our operating performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. We define adjusted net (loss)/profit (Non-IFRS Measure) as (loss)/profit for the year excluding [**REDACTED**] expenses, equity-settled share-based payment expenses and changes in the carrying amount of redemption liabilities. Our management considers that (i) equity-settled share-based payment expenses and changes in the carrying amount of redemption liabilities are non-cash in nature and do not result in cash outflow, and (ii) [**REDACTED**] expenses are expenses relating to the [**REDACTED**].

We present adjusted net (loss)/profit (Non-IFRS Measure) because it is used by our management to evaluate our operating performance and formulate business plans. Accordingly, we believe that the use of this non-IFRS financial measure provides useful information to [**REDACTED**] and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

The non-IFRS financial measure has limitations as an analytical tool. Further, this non-IFRS measure may differ from the non-IFRS information used by other companies, including peer companies, and therefore its comparability may be limited.

The non-IFRS financial measure should not be considered in isolation or construed as an alternative to (loss)/profit for the year or any other measure of performance. [**REDACTED**] are encouraged to review our historical non-IFRS financial measure as shown below. The non-IFRS financial measure presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analyzing our data comparatively. We encourage [**REDACTED**] and others to review our financial information in its entirety and not rely on a single financial measure.

We recorded adjusted net profit (Non-IFRS Measure) of RMB213.4 million, RMB294.4 million and RMB522.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. The following table reconciles our adjusted net (loss)/profit (Non-IFRS Measure) for the years ended December 31, 2023, 2024 and 2025 presented in accordance with IFRS, which is profit for the year.

| | For the Year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB* | *RMB* (*in thousands*) | *RMB* |
| **Reconciliation of profit for the year to adjusted net profit (Non-IFRS Measure):** | | | |
| **Profit for the year** | **212,389** | **293,530** | **101,041** |
| Add back: | | | |
| Equity-settled share-based payment expenses | 1,025 | 847 | 237,075 |
| Changes in the carrying amount of redemption liabilities | – | – | 158,491 |
| [**REDACTED**] expenses | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Adjusted net profit (Non-IFRS Measure)** | **213,414** | **294,377** | **522,477** |

### Revenue

We primarily derive our revenue from the sale of pop toy products through directly operated stores, stores operated by TOP TOY Retail Partners, offline distributors and online channels. Other sources of revenue mainly include license fees, sales-based royalties and sales-based management and consultation service fees from TOP TOY Retail Partners. The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by revenue source for the periods presented:

| | For the Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | |
| **Revenue:** | | | | | | |
| – Sales of pop toy products | | | | | | |
| – Retail sales in directly operated stores | 109,490 | 7.5 | 172,543 | 9.0 | 444,280 | 12.4 |
| – Product sales to franchisees[1] | 356,719 | 24.4 | 499,794 | 26.2 | 678,043 | 18.9 |
| – Sales to offline distributors | 855,457 | 58.5 | 1,008,144 | 52.9 | 2,044,333 | 57.0 |
| – Online sales[2] | 75,960 | 5.2 | 140,297 | 7.3 | 276,050 | 7.7 |
| – Other sales channels[3] | 14,212 | 1.0 | 3,309 | 0.2 | 45,377 | 1.2 |
| Sub-total | 1,411,838 | 96.6 | 1,824,087 | 95.6 | 3,488,083 | 97.2 |
| – License fees, sales-based royalties, and sales-based management and consultation service fees | | | | | | |
| – License fees and sales-based royalties | 6,563 | 0.4 | 9,093 | 0.5 | 12,843 | 0.4 |
| – Sales-based management and consultation service fees | 19,687 | 1.4 | 27,034 | 1.4 | 36,515 | 1.0 |
| Sub-total | 26,250 | 1.8 | 36,127 | 1.9 | 49,358 | 1.4 |
| – Others[4] | 23,019 | 1.6 | 48,611 | 2.5 | 49,519 | 1.4 |
| **Total** | **1,461,107** | **100.0** | **1,908,825** | **100.0** | **3,586,960** | **100.0** |

*Notes:*

(1) Product sales to franchisees represents sales to/revenue from TOP TOY Retail Partners.

(2) Online sales are conducted through our directly operated online stores on third-party e-commerce platforms or through online distributors. Online sales do not include sales through online to offline platforms, which are accounted for in sales through offline channels.

(3) Other sales channels mainly represent group-buying channels and vending machines.

(4) Others mainly represent sales of fixtures to franchisees and distributors.

The following table sets forth a breakdown of our revenue from sales of pop toy products between self-developed products and third-party products for the periods presented:

| | For the Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | |
| **Revenue:** | | | | | | |
| 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** |

Our revenue from sales of self-developed products grew substantially during the Track Record Period, with revenue contribution increased from 53.6% in 2023 to 56.7% in 2025. This growth was primarily driven by our continuous efforts to leverage our IP portfolio to design, develop and launch self-developed pop toy products, which are essential for expanding our revenue base and enhancing our profit margins.

The following table breaks down our revenue by geographic region for the periods presented:

| | For the Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | |
| **Revenue:** | | | | | | |
| Chinese Mainland | 1,461,107 | 100.0 | 1,897,015 | 99.4 | 3,291,146 | 91.8 |
| Overseas | – | – | 11,810 | 0.6 | 295,814 | 8.2 |
| **Total** | **1,461,107** | **100.0** | **1,908,825** | **100.0** | **3,586,960** | **100.0** |

### Cost of Sales

Our cost of sales mainly consists of cost of inventories. Cost of inventories accounted for 95.4%, 95.1% and 94.1% of our total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Cost of inventories comprises carrying amount of inventories sold and inventory write-down. Other than cost of inventories, cost of sales also includes depreciation and amortization expenses, licensing expenses and logistics expenses. Licensing expenses mainly represent licensing fees paid to IP licensors, and logistics expenses mainly represent shipping expenses for the products sold to customers through online-to-offline or online channels.

### Gross Profit and Margin

The following table sets forth our gross profit and gross margin for the periods presented:

| | For the Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | *(in thousands, except for percentages)* | | |
| Gross profit | 458,825 | 624,373 | 1,151,966 |
| Gross margin (%) | 31.4 | 32.7 | 32.1 |

### Selling and Distribution Expenses

Selling and distribution expenses consist of (i) payroll and employee benefits, (ii) depreciation and amortization, (iii) promotion and advertising expenses, (iv) rental and related expenses, (v) logistics expenses, and (vi) other expenses. Our selling and distribution expenses were RMB152.0 million, RMB201.9 million and RMB543.6 million in the years ended December 31, 2023, 2024 and 2025, respectively.

| | For the Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| Payroll and employee benefits | 45,760 | 67,834 | 270,446 |
| Depreciation and amortization | 47,808 | 54,234 | 82,003 |
| Promotion and advertising expenses | 35,576 | 46,017 | 83,807 |
| Rental and related expenses | 2,305 | 12,045 | 38,628 |
| Logistics expenses | 4,362 | 4,587 | 23,584 |
| Other expenses | 16,211 | 17,140 | 45,122 |
| **Total** | **152,022** | **201,857** | **543,590** |

### General and Administrative Expenses

General and administrative expenses consist of (i) payroll and employee benefits, (ii) tax and surcharges, (iii) information system service expenses, (iv) professional service expenses, (v) depreciation and amortization expenses, (vi) [**REDACTED**] expenses and (vii) other expenses. Our general and administrative expenses were RMB16.7 million, RMB27.2 million and RMB152.6 million in the years ended December 31, 2023, 2024 and 2025, respectively.

| | For the Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| Payroll and employee benefits | 2,450 | 4,890 | 90,234 |
| Taxes and surcharges | 5,758 | 8,175 | 14,251 |
| Information system service expenses | 2,716 | 3,849 | 5,757 |
| Professional service expenses | 306 | 1,280 | 3,569 |
| Depreciation and amortization | 4,059 | 5,205 | 5,028 |
| [**REDACTED**] expenses | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Other expenses | 1,414 | 3,817 | 7,874 |
| **Total** | **16,703** | **27,216** | **152,583** |

### Other Net (Loss)/Income

Other net (loss)/income mainly consists of loss on disposal of property, plants and equipment and loss or gain relating to the cancellation and modification of certain of our lease contracts.

### Impairment loss on non-current assets

Impairment loss on non-current assets mainly consists of impairment of property, plant and equipment, which primarily represents impairment of renovation assets due to losses incurred by a small number of our directly operated stores.

### Taxation

#### *Cayman Islands and British Virgin Islands*

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, we are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

#### *Hong Kong*

Under the current Hong Kong Inland Revenue Ordinance, our Hong Kong subsidiaries are subject to Hong Kong profits tax at the rate of 16.5% on their taxable income generated from the operations in Hong Kong. A two-tiered profits tax rate regime was introduced in 2018 where the first HKD2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

*Chinese Mainland*

Under the Corporate Income Tax ("CIT") Law, our subsidiaries established in Chinese Mainland are subject to a unified statutory CIT rate of 25%. Our certain subsidiaries met the criteria for a preferential income tax rate granted to small and low profit-making enterprise in Chinese Mainland and were entitled to a preferential income tax rate of 5%. One of our subsidiaries in Hengqin, Zhuhai is entitled to a preferential income tax rate of 15%.

*Other Jurisdictions*

Taxes on taxable profits in other jurisdictions have been calculated at the rates of tax prevailing in the countries and regions in which we operate, based on existing legislation, interpretations and practices in respect thereof.

## PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

*Revenue*

Our revenue increased by 87.9% from RMB1,908.8 million in the year ended December 31, 2024 to RMB3,587.0 million in the year ended December 31, 2025, mainly attributable to (i) enhanced product appeal and expanded product categories, including popular selections such as our vinyl plush toys, whose contribution to our total revenue from sales of pop toy products increased from 3.5% in the year ended December 31, 2024 to 31.6% in the year ended December 31, 2025, resulting from the success of our IP strategy and product design initiatives, (ii) the expansion of our sales network, including an increase in the number of offline stores from 276 as of December 31, 2024 to 334 as of December 31, 2025 and our growing sales through online channels, as a result of our continued efforts to expand and optimize our sales channels, and (iii) the increase in revenue generated from our overseas operations due to our expansion into international markets, including Thailand, Malaysia, Indonesia, and Japan.

In terms of geographical locations, the increase in our revenue from the year ended December 31, 2024 to the year ended December 31, 2025 was mainly attributable to the growth of our operations in both Chinese Mainland and overseas markets. Revenue generated from our operations in Chinese Mainland was RMB3,291.1 million in the year ended December 31, 2025, increasing by 73.5% from RMB1,897.0 million in the year ended December 31, 2024. Revenue generated from overseas markets significantly increased from RMB11.8 million in the year ended December 31, 2024 to RMB295.8 million in the year ended December 31, 2025, driven by the execution of our globalization strategy since 2024.

***Cost of sales***

Our cost of sales increased by 89.6% from RMB1,284.5 million in the year ended December 31, 2024 to RMB2,435.0 million in the year ended December 31, 2025, mainly as a result of an increase in cost of inventories, which is generally in line with the increase in our product sales.

***Gross profit and gross margin***

Our gross profit increased by 84.5% from RMB624.4 million in the year ended December 31, 2024 to RMB1,152.0 million in the year ended December 31, 2025, while gross margin remained relatively stable at 32.7% and 32.1% in the years ended December 31, 2024 and 2025, respectively. The increase in gross profit was mainly driven by our revenue growth.

***Selling and distribution expenses***

Our selling and distribution expenses increased by 169.2% from RMB201.9 million in the year ended December 31, 2024 to RMB543.6 million in the year ended December 31, 2025. Such increase was mainly due to (i) an increase in payroll and employee benefits, primarily driven by an increase in equity-settled share-based payment expenses and an increase in the headcount of our overseas sales staff, (ii) an increase in promotion and advertising expenses which is in line with our business growth, (iii) an increase in rental and related expenses primarily due to the increase in the number of our directly operated stores, and (iv) an increase in logistics and warehousing costs and service fees as a result of our expansion into international markets and online sales channels. The increase was also partly due to an increase in depreciation and amortization expenses attributable to the increasing number of our overseas directly operated stores and warehouses.

***General and administrative expenses***

Our general and administrative expenses increased by 461.0% from RMB27.2 million in the year ended December 31, 2024 to RMB152.6 million in the year ended December 31, 2025. Such increase was primarily due to (i) an increase in payroll and employee benefits primarily driven by an increase in equity-settled share-based payment expenses, (ii) an increase in [**REDACTED**] expenses which do not recur after the [**REDACTED**], and (iii) an increase in taxes and surcharges relating to sales of pop toy products, which is in line with our product sales growth and overseas expansion.

***Other net income/loss***

We recorded other net loss of RMB1,489 thousand in the year ended December 31, 2025, as compared to other net income of RMB1,058 thousand in the year ended December 31, 2024, which was mainly attributable to an increase in losses on disposal of property, plant and equipment as we optimized the network of our directly operated stores in the year ended December 31, 2025.

***Operating profit***

As a result of the foregoing, we recorded operating profit of RMB395.6 million in the year ended December 31, 2024 and RMB443.1 million in the year ended December 31, 2025.

***Net finance costs***

We had net finance costs of RMB4.7 million and RMB3.9 million in the years ended December 31, 2024 and 2025. The decrease was primarily due to an increase in finance income, which was primarily due to the interest income generated from Series A financing.

***Income tax expense***

We recorded income tax expense of RMB97.4 million in the year ended December 31, 2024 and RMB179.7 million in the year ended December 31, 2025.

***Profit for the year***

Our net profit decreased from RMB293.5 million in 2024 to RMB101.0 million in 2025, which was mainly attributable to an increase in equity-settled share-based payment expenses and the changes in the carrying amount of redemption liabilities.

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

***Revenue***

Our revenue increased by 30.6% from RMB1,461.1 million in the year ended December 31, 2023 to RMB1,908.8 million in the year ended December 31, 2024, mainly attributable to (i) enhanced product appeal and expanded product categories, including popular selections such as our vinyl plush toys, whose contribution to our total revenue from sales of pop toy products increased from 0.1% in 2023 to 3.5% in 2024, resulting from the success of our IP strategy and product design initiatives, and (ii) the expansion of our sales network, including (a) a significant increase in the number of offline stores from 148 as of December 31, 2023 to 276 as of December 31, 2024, (b) the expansion of our distribution network with the number of our distributors increasing from 11 as of December 31, 2023 to 29 as of December 31, 2024, and (c) our growing sales through online channels with an increased contribution to our total revenue from sales of pop toy products from 5.4% in 2023 to 7.7% in 2024, as a result of our continued efforts to expand and optimize our sales channels.

In terms of geographical locations, revenue generated from our operations in Chinese Mainland reached RMB1,897.0 million in the year ended December 31, 2024, increasing by 29.8% from RMB1,461.1 million in the year ended December 31, 2023. As we began our globalization initiative, we generated revenue of RMB11.8 million from overseas markets in 2024.

***Cost of sales***

Our cost of sales increased by 28.2% from RMB1,002.3 million in the year ended December 31, 2023 to RMB1,284.5 million in the year ended December 31, 2024, mainly as a result of an increase in cost of inventories, which is generally in line with the increase in our product sales.

***Gross profit***

Gross profit increased by 36.1% from RMB458.8 million in the year ended December 31, 2023 to RMB624.4 million in the year ended December 31, 2024, and gross margin increased from 31.4% to 32.7% during the same period. The increase in gross profit was mainly driven by our revenue growth, while the increase in gross margin mainly resulted from improved pricing and higher margins due to our enhanced product portfolio with refined discount strategies in offline channels.

***Selling and distribution expenses***

Our selling and distribution expenses increased by 32.8% from RMB152.0 million in the year ended December 31, 2023 to RMB201.9 million in the year ended December 31, 2024. Such increase was mainly due to increased payroll and employee benefits, promotion and advertising expenses and rental and related expenses, primarily driven by an increase in the number of our directly operated stores and an increase in the headcount of our staff following our market expansion in 2024.

***General and administrative expenses***

Our general and administrative expenses increased by 62.9% from RMB16.7 million in the year ended December 31, 2023 to RMB27.2 million in the year ended December 31, 2024. Such increase was primarily due to (i) an increase in payroll and employee benefits to support our globalization strategy, (ii) an increase in other administrative expenses including IT system service fees, and (iii) an increase in depreciation and amortization expenses as we leased new offices and purchased new office equipment in 2024.

***Other net income***

Our other net income decreased by 41.4% from RMB1,805 thousand in the year ended December 31, 2023 to RMB1,058 thousand in the year ended December 31, 2024, which was mainly attributable to a decrease in gain relating to cancellation and modification of lease contracts as the number of vacated directly operated stores decreased in 2024.

### *Impairment loss on non-current assets*

Our impairment loss on non-current assets was RMB2.9 million and RMB1.8 million in the years ended December 31, 2023 and 2024, respectively. The impairment loss on non-current assets in 2023 and 2024 was attributable to the provision for impairment related to certain underperforming directly operated stores.

### *Operating profit*

As a result of the foregoing, we recorded operating profit of RMB289.9 million in the year ended December 31, 2023 and RMB395.6 million in the year ended December 31, 2024.

### *Net finance costs*

We had net finance costs of RMB3.2 million in the year ended December 31, 2023 and RMB4.7 million in the year ended December 31, 2024. The increase was primarily due to an increase in finance costs, which was in turn primarily due to increased interest expenses on our lease liabilities.

### *Income tax expense*

We recorded income tax expense of RMB74.4 million in the year ended December 31, 2023 and RMB97.4 million in the year ended December 31, 2024.

### *Profit for the year*

Our net profit increased from RMB212.4 million in 2023 to RMB293.5 million in 2024, which was mainly attributable to (i) an increase in our total revenue primarily due to (a) the enhancement of our product portfolio, (b) the expansion in our sales network, and (c) the commencement of our globalization initiative; and (ii) an increase in our gross margin mainly resulted from improved pricing and higher margins due to our enhanced product portfolio with refined discount strategies in offline channels.

## DISCUSSION OF CERTAIN KEY ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

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

| | As of December 31, | | | As of February 28, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB* | *RMB* | *RMB* | *RMB* *(unaudited)* |
| | *(in thousands)* | | | |
| **Current assets** | | | | |
| Inventories | 128,128 | 227,416 | 461,375 | 432,236 |
| Trade and other receivables | 228,590 | 334,336 | 484,002 | 348,576 |
| Cash and cash equivalents | 33,421 | 71,883 | 391,831 | 425,386 |
| Other investment | – | – | – | 40,000 |
| Restricted cash | 118 | 352 | – | – |
| **Total current assets** | **390,257** | **633,987** | **1,337,208** | **1,246,198** |
| **Current liabilities** | | | | |
| Contract liabilities | 10,039 | 15,670 | 28,400 | 92,589 |
| Loans and borrowings | 280,000 | 340,208 | 310,000 | 310,000 |
| Trade and other payables | 251,632 | 404,770 | 579,870 | 358,712 |
| Lease liabilities | 39,377 | 63,766 | 66,061 | 81,405 |
| Redemption liabilities arising from preferred shares | – | – | 573,681 | 586,082 |
| Current taxation | 27,272 | 25,979 | 57,753 | 39,910 |
| **Total current liabilities** | **608,320** | **850,393** | **1,615,765** | **1,468,698** |
| **Net current liabilities** | **(218,063)** | **(216,406)** | **(278,557)** | **(222,500)** |

We recorded net current liabilities as of December 31, 2023, 2024 and 2025 and February 28, 2026. The decrease in net current liabilities from RMB218.1 million as of December 31, 2023 to RMB216.4 million as of December 31, 2024, was primarily due to the increase in our current assets, in particular inventories and trade and other receivables, as a result of our business growth. The increase in net current liabilities from RMB216.4 million as of December 31, 2024 to RMB278.6 million as of December 31, 2025 was primarily due to the changes in the carrying amount of redemption liabilities of RMB158.5 million and the increase in trade and other receivables of RMB149.7 million as a result of our business growth. Our net current liabilities decreased from RMB278.6 million as of December 31, 2025 to RMB222.5 million as of February 28, 2026, mainly due to a decrease in our trade and other payables as a result of the decline in our procurement during the Spring Festival, and an increase in other investment primarily attributable to purchase of wealth management products. For further details, see — Indebtedness — Loans and Borrowings."

### Inventories

Our inventories consist of (i) finished goods which are held for sale, including the products placed at franchised stores, and (ii) low value consumables to be consumed in the ordinary course of business. Our inventories increased from RMB128.1 million as of December 31, 2023 to RMB227.4 million as of December 31, 2024, and RMB461.4 million as of December 31, 2025, mainly as a result of our business growth.

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

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| Inventory turnover days[1] | 38.1 | 50.5 | 51.6 |

(1) Inventory turnover days for a period equals the average of the opening and closing inventories balance divided by cost of sales for that period and multiplied by 365 days for a year.

Our inventory turnover days increased from 38.1 days for the year ended December 31, 2023 to 50.5 days for the year ended December 31, 2024, primarily due to stocking of inventories for overseas markets as we launched our globalization strategy in 2024. Our inventory turnover days remained stable at 50.5 days for the year ended December 31, 2024 and 51.6 days for the year ended December 31, 2025.

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

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB* | *RMB* (*in thousands*) | *RMB* |
| Cost: | | | |
| Within 180 days | 149,757 | 219,891 | 429,486 |
| 181 days to 1 year | 5,745 | 22,885 | 46,016 |
| 1-2 years | 9,039 | 9,144 | 12,023 |
| Over 2 years | 843 | 5,873 | 5,401 |
| Less: Write-down of inventories | (37,256) | (30,377) | (31,551) |
| **Total** | **128,128** | **227,416** | **461,375** |

As of February 28, 2026, RMB262.6 million, or 56.9%, of our inventories as of December 31, 2025, had been sold.

### Trade and Other Receivables

Our trade and other receivables mainly consist of trade receivables, miscellaneous expenses paid on behalf of franchisees, and value-added tax recoverable. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| **Non-current** | | | |
| Deposits | | | |
| – Third parties | 9,458 | 16,893 | 17,055 |
| – Related parties | – | – | 4,010 |
| | **9,458** | **16,893** | **21,065** |
| **Current** | | | |
| Trade receivables, net of loss allowance | | | |
| – Third parties | 16,953 | 41,482 | 91,407 |
| – Related parties | 139,832 | 182,241 | 213,479 |
| **Trade receivables, net of loss allowance** | **156,785** | **223,723** | **304,886** |
| Miscellaneous expenses paid on behalf of franchisees[1] | 27,719 | 44,025 | 71,514 |
| Prepayments for inventories | 18,616 | 26,345 | 36,117 |
| Deposits, net of loss allowance | 11,520 | 16,013 | 14,432 |
| Receivables due from online payment platforms and banks[2] | 6,988 | 5,455 | 13,201 |
| VAT recoverable | 1,899 | 1,853 | 20,255 |
| Prepayments for promotion and advertising expenses | 1,871 | 5,207 | 4,640 |
| Other receivables from related parties | 7 | 336 | 2,675 |
| Prepayments for [**REDACTED**] expenses | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Others | 3,185 | 11,379 | 11,967 |
| **Total** | **228,590** | **334,336** | **484,002** |

(1) Miscellaneous expenses paid on behalf of franchisees mainly include store renovation costs, store staff salaries and miscellaneous expenses reimbursed by store staff paid on behalf of franchisees.

(2) Receivables due from online payment platforms and banks included the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms could be made anytime upon our instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.

Our current trade and other receivables increased from RMB228.6 million as of December 31, 2023 to RMB334.3 million as of December 31, 2024 and further to RMB484.0 million as of December 31, 2025, primarily due to our business growth.

Trade receivables are derived mainly from credit sales to certain distributors and franchisees. We generally allow a credit term of 30 to 90 days for these distributors and a credit term of 30 to 180 days for these franchisees. The following table sets forth the turnover days of our trade receivables for the periods indicated:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Trade receivables turnover days[1] . . . . . | 25.8 | 36.4 | 26.9 |

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables (net of loss allowance) divided by revenue for that period and multiplied by 365 days for a year.

Our trade receivable turnover days increased from 25.8 days for the year ended December 31, 2023 to 36.4 days for the year ended December 31, 2024 primarily due to an increase in trade receivables due from TOP TOY Retail Partners. Our trade receivable turnover days decreased from 36.4 days for the year ended December 31, 2024 to 26.9 days for the year ended December 31, 2025, primarily due to continued growth across all sales channels in 2025, especially the increase in sales without credit terms, which further contributed to the reduction in trade receivable turnover days.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) based on the invoice date as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| Within 90 days . . . . . . . . . . . . . . . . . . . | 155,033 | 214,128 | 287,956 |
| 91 to 180 days. . . . . . . . . . . . . . . . . . . . | 1,361 | 5,239 | 4,683 |
| 181 to 360 days. . . . . . . . . . . . . . . . . . . | 313 | 4,081 | 6,615 |
| Over 360 days . . . . . . . . . . . . . . . . . . . . | 78 | 275 | 5,632 |
| **Total** . . . . . . . . . . . . . . . . . . . . . . . . . . | **156,785** | **223,723** | **304,886** |

As of February 28, 2026, RMB254.8 million, or 83.4%, of our trade receivables as of December 31, 2025, had been settled.

## Trade and Other Payables

Our trade and other payables mainly consist of trade payables, deposits and accrued expenses. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* (*in thousands*) | *RMB* |
| Trade payables | 136,889 | 207,417 | 334,797 |
| Amounts due to related parties | 4,517 | 14,795 | 221 |
| Accrued expenses | 16,874 | 42,250 | 54,844 |
| Deposits | 69,271 | 98,481 | 113,440 |
| Payable relating to leasehold improvements | 6,812 | 13,945 | 14,446 |
| Payroll payable | 3,346 | 9,064 | 15,985 |
| Other taxes payable | 8,664 | 10,087 | 18,024 |
| Accrued [**REDACTED**] expenses | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| Others | 5,259 | 8,731 | 20,631 |
| **Total** | **251,632** | **404,770** | **579,870** |

Our trade and other payables increased from RMB251.6 million as of December 31, 2023 to RMB404.8 million as of December 31, 2024 and further to RMB579.9 million as of December 31, 2025. The increase was primarily due to the increase in trade payables in line with our business growth.

We generally are granted by our suppliers with a credit period of 30 to 60 days. The following table sets forth the turnover days of our trade payables for the periods indicated:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Trade payables turnover days(1) | 34.4 | 48.9 | 40.6 |

(1) Trade payables turnover days for a period equals the average of the opening and closing trade payables divided by cost of sales for that period and multiplied by 365 days for a year.

Our trade payables turnover days increased from 34.4 days for the year ended December 31, 2023 to 48.9 days for the year ended December 31, 2024, primarily due to the better credit terms we received as our purchase volume increased and our bargaining power with suppliers improved. Our trade payables turnover days decreased from 48.9 days for the year ended December 31, 2024 to 40.6 days for the year ended December 31, 2025, primarily due to our increasing procurement from certain suppliers with shorter credit terms in 2025 to satisfy our business needs.

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| Within 1 month | 133,315 | 201,488 | 311,886 |
| 1 to 3 months | 2,707 | 2,243 | 15,801 |
| 3 months to 1 year | 718 | 2,781 | 5,141 |
| Over 1 year | 149 | 905 | 1,969 |
| **Total** | **136,889** | **207,417** | **334,797** |

As of February 28, 2026, RMB326.5 million, or 97.5%, of our trade payables as of December 31, 2025, had been settled.

### Contract Liabilities

Our current contract liabilities primarily consist of advance payments received from customers for purchase of goods. Our current contract liabilities increased from RMB10.0 million as of December 31, 2023 to RMB15.7 million as of December 31, 2024, and further to RMB28.4 million as of December 31, 2025, primarily due to increased advance payments received from customers for purchase of goods as a result of our business growth.

As of February 28, 2026, RMB25.3 million, or 89.1%, of our current contract liabilities as of December 31, 2025, had been settled.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year indicated:

| | As of or for the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Revenue growth rate (%) | N/A | 30.6 | 87.9 |
| Gross margin (%) | 31.4 | 32.7 | 32.1 |
| Net profit growth rate (%) | N/A | 38.2 | (65.6) |
| Net margin (%) | 14.5 | 15.4 | 2.8 |
| Current ratio (%)[1] | 64.2 | 74.6 | 82.8 |

*Note:*

(1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year and multiplied by 100%.

## LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, our primary sources of liquidity had been cash flows from operating activities. Our cash and cash equivalents were RMB33.4 million, RMB71.9 million and RMB391.8 million as of December 31, 2023, 2024 and 2025, respectively. Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash.

As of December 31, 2025, we had a current loan from the entity under common control of the Controlling Shareholders with a principal amount of RMB310 million, which is maturing at the end of 2026. For further details, see "Relationship with Our Controlling Shareholders — Independence from Controlling Shareholders — Financial Independence."

Based on our current cash and cash equivalents, anticipated cash flows from operations and the net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we will have sufficient funds to meet our working capital and capital expenditure requirements for at least the next 12 months from the date of this document, despite our net liabilities as of December 31, 2025.

Based on the review of financial documents and other due diligence documents, discussion with the Directors and the Directors' confirmation, the Joint Sponsors concur with the Directors' view.

In utilizing the [**REDACTED**] from the [**REDACTED**], we may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries, or acquire offshore entities with operations in China in offshore transactions. Most of these uses are subject to PRC regulations. See "Risk Factors—Risks Related to Our Business and Industry—Chinese Mainland regulation of loans to and direct investment in Chinese Mainland entities by offshore holding companies and governmental administration of currency conversion may delay or prevent us from using the [**REDACTED**] of our offshore [**REDACTED**] to make loans to or make additional capital contributions to our Chinese Mainland subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

We may decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our Shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

### Cash Flows

The following table sets forth selected items of our cash flows for the periods indicated:

| | For the Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB* | *RMB* | *RMB* |
| | | *(in thousands)* | |
| Net cash from operating activities | 256,985 | 333,944 | 474,862 |
| Net cash used in investing activities | (19,215) | (58,389) | (154,434) |
| Net cash used in financing activities | (264,751) | (237,093) | (1,901) |
| Net (decrease)/increase in cash and cash equivalents | (26,981) | 38,462 | 318,527 |
| Cash and cash equivalents at beginning of year | 60,402 | 33,421 | 71,883 |
| Effect of movements in exchange rates on cash held | – | – | 915 |
| Cash and cash equivalents at end of year | 33,421 | 71,883 | 391,325 |

### Net cash from operating activities

Net cash from operating activities for the year ended December 31, 2025 was RMB474.9 million. This amount was primarily attributable to profit before taxation of RMB280.7 million for the year ended December 31, 2025, as adjusted by certain non-cash items, mainly equity-settled share-based payment expenses of RMB237.1 million, changes in the carrying amount of redemption liabilities of RMB158.5 million, and depreciation and amortization of RMB149.7 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB334.2 million increase in trade and other receivables, and (ii) a RMB234.0 million increase in inventories which is due to the growth of our business, partially offset by a RMB309.3 million increase in trade and other payables.

Net cash from operating activities for the year ended December 31, 2024 was RMB333.9 million. This amount was primarily attributable to profit before taxation of RMB390.9 million for the year, as adjusted by certain non-cash items, mainly depreciation and amortization of RMB82.7 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB113.2 million increase in trade and other receivables, and (ii) a RMB99.3 million increase in inventories, partially offset by a RMB153.0 million increase in trade and other payables. The increase in trade and other receivables, inventories and trade and other payables reflected our business growth.

Net cash from operating activities for the year ended December 31, 2023 was RMB257.0 million. This amount was primarily attributable to profit before taxation of RMB286.8 million for the year, as adjusted by certain non-cash items, mainly depreciation and amortization of RMB75.0 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB101.9 million increase in trade and other receivables, and (ii) a RMB47.2 million increase in inventories, partially offset by a RMB92.7 million increase in trade and other payables. The increase in trade and other receivables, inventories and trade and other payables reflected our business growth.

**Net cash used in investing activities**

Net cash used in investing activities for the year ended December 31, 2025 was RMB154.4 million, consisting primarily of (i) payments for purchases of property, plant, equipment and intangible assets of RMB126.4 million, and (ii) payments for purchases of other investments of RMB150.0 million, partially offset by proceeds from disposal of other investments of RMB150.0 million.

Net cash used in investing activities for the year ended December 31, 2024 was RMB58.4 million, consisting primarily of (i) payments for purchases of other investments of RMB135.0 million, and (ii) payments for purchases of property, plant, equipment and intangible assets of RMB61.2 million, partially offset by proceeds from disposal of other investments of RMB135.0 million.

Net cash used in investing activities for the year ended December 31, 2023 was RMB19.2 million, consisting primarily of (i) payments for purchases of other investments of RMB60.0 million, and (ii) payments for purchases of property, plant, equipment and intangible assets of RMB22.8 million, partially offset by proceeds from disposal of other investments of RMB60.0 million.

**Net cash used in financing activities**

Net cash used in financing activities for the year ended December 31, 2025 was RMB1.9 million, primarily due to deemed distribution of RMB322.3 million, repayments of loans and borrowings of RMB110.0 million, and payments of capital element of lease liabilities of RMB70.5 million, partially offset by proceeds from the issuance of preferred shares of RMB424.9 million.

Net cash used in financing activities for the year ended December 31, 2024 was RMB237.1 million, primarily due to deemed distribution of RMB257.5 million and payment of capital element of lease liabilities of RMB39.0 million, partially offset by proceeds from loans and borrowings of RMB60.0 million.

Net cash used in financing activities for the year ended December 31, 2023 was RMB264.8 million, primarily due to repayments of loans and borrowings of RMB280.0 million, deemed distribution of RMB206.6 million and payment of capital element of lease liabilities of RMB53.9 million, partially offset by proceeds from loans and borrowings of RMB280.0 million.

## INDEBTEDNESS

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

| | As of December 31, | | | As of February 28, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB* | *RMB* | *RMB* | *RMB* |
| | | | | *(Unaudited)* |
| | | *(in thousands)* | | |
| Loans and borrowings | 280,000 | 340,208 | 310,000 | 310,000 |
| Lease liabilities | 80,740 | 213,483 | 199,419 | 217,854 |
| Redemption liabilities arising from preferred shares | – | – | 573,681 | 586,082 |
| **Total** | **360,740** | **553,691** | **1,083,100** | **1,113,936** |

### Loans and Borrowings

The following table sets forth the breakdown of our loans and borrowings as of the dates indicated, which were non-trade in nature, unsecured and non-guaranteed:

| | As of December 31, | | | As of February 28, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB* | *RMB* | *RMB* | *RMB* |
| | | | | *(Unaudited)* |
| | | *(in thousands)* | | |
| Borrowings from an entity under common control of the Controlling Shareholder | 280,000 | 310,000 | 310,000 | 310,000 |
| Borrowing from the Controlling Shareholder | – | 30,208 | – | – |
| **Total** | **280,000** | **340,208** | **310,000** | **310,000** |

The balance of borrowings from an entity under common control of the Controlling Shareholder outstanding as of December 31, 2023, 2024 and 2025 represented the interest-free borrowings from MINISO (Guangzhou) Co., Ltd., a subsidiary of the Controlling Shareholder. The borrowings were repayable on demand as at December 31, 2023 and 2024, and subsequently on June 25, 2025, the due date of the borrowings has been changed to December 31, 2026. We intend to settle the remaining RMB310.0 million of the borrowings after the [**REDACTED**].

The balance of the borrowing from the Controlling shareholder outstanding as of December 31, 2024 represented the borrowing from the Controlling Shareholder. The borrowing is interest-bearing at 3% per annum and originally due on October 9, 2025. As of December 31, 2025, we have fully repaid this loan with our cash on hand.

As of February 28, 2026, we did not have any unutilized banking facilities.

**Lease Liabilities**

Our lease liabilities are in relation to properties that we lease primarily for our office premises, directly operated stores and warehouses. The following table sets forth our lease liabilities as of the dates indicated:

| | As of December 31, | | | As of February 28, |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** |
| | *RMB* | *RMB* | *RMB* | *RMB* |
| | | | | *(Unaudited)* |
| | | *(in thousands)* | | |
| Non-Current | 41,363 | 149,717 | 133,358 | 136,449 |
| Current | 39,377 | 63,766 | 66,061 | 81,405 |
| **Total** | 80,740 | 213,483 | 199,419 | 217,854 |

Except as discussed above, as of February 28, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. There has not been any material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

## CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2023, 2024 and 2025.

## CAPITAL EXPENDITURES

Our capital expenditures are primarily incurred for the purposes of renovating our directly operated stores and IP licensing. Our capital expenditures were RMB22.8 million, RMB61.2 million and RMB126.4 million in the years ended December 31, 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with our existing cash balance and anticipated cash flows from operations. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

## CONTRACTUAL OBLIGATIONS

We did not have any significant capital and other commitments, long-term obligations, guarantees or other contractual obligations as of December 31, 2025.

## OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our combined financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

## MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see note 28 to the Accountants' Report in Appendix I to this document. As of December 31, 2025, we had outstanding balances with related parties of RMB220.2 million that are included in trade and other receivables, RMB0.2 million that are included in trade and other payables and RMB12.8 million that are included in lease liabilities. These balances as of December 31, 2025 are primarily related to our business operations.

Our Directors believe that our transactions with the related parties during the Track Record were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

## FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. See note 27 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

## Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in our financial losses. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high-credit-quality, which we consider to be low credit risk.

### *Trade receivables*

Our trade receivables mainly arise from sales of goods to distributors and franchisees. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of December 31, 2023, 2024 and 2025, 95%, 93% and 87% of the total trade receivables were due from our five largest debtors, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

All trade receivables are due within 30 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, we do not obtain collateral from customers. We measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses (ECLs), which is calculated using a provision matrix. We do not provide any guarantees which would expose us to credit risk.

### *Other receivables*

In determining the ECL for remaining other receivables, we have taken into account the historical default experience and forward-looking information, as appropriate. During the year ended December 31, 2025, we considered the deposit due from a third party amounting to RMB10,000,000 to be in default and a full loss allowance was made accordingly. We have assessed that the remaining other receivables have not had a significant increase in credit risk since initial recognition and the risk of default is insignificant, and therefore, no credit loss allowance of the remaining other receivables is considered necessary by management for the years ended December 31, 2023, 2024 and 2025.

See note 27 to the Accountants' Report in Appendix I to this document for our exposure to credit risk and ECLs for trade receivables and other receivables.

### Liquidity Risk

As of December 31, 2023, 2024 and 2025, our net current liabilities amounted to RMB218.1 million, RMB216.4 million and RMB278.6 million, respectively. Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

We rely on the cash generated from operating activities as the main source of liquidity. For the years ended December 31, 2023, 2024 and 2025, we had net cash generated from operating activities of RMB257.0 million, RMB333.9 million and RMB474.9 million, respectively. In addition, our management monitors the utilization of borrowings and ensures compliance with borrowing covenants, if any. Our Directors believe that we will have sufficient funds available from the operating activities to meet our financial obligations in the foreseeable future.

See note 27 to Accountants' Report in Appendix I to this document for details of remaining contractual maturity of our financial liabilities.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We do not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting periods. Therefore, interest-bearing financial instruments at fixed rates do not expose us to fair value interest rate risk. Our interest rate risk arises primarily from cash at bank and restricted cash at variable rates, which exposes us to cash flow interest rate risk. We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. We do not enter into financial derivatives to hedge interest rate risk. See note 27 to Accountants' Report in Appendix I to this document for details of our interest rate profile and a sensitivity analysis.

## DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. Our board of Directors has discretion as to whether to distribute dividends, subject to certain restrictions under the Cayman Islands law and the Articles of Association. As advised by our legal adviser on Cayman Islands law, our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of Directors. In order for us to distribute any dividends to our shareholders, we may rely on dividends distributed by our PRC subsidiaries for our cash requirements. PRC laws require that dividends be paid by PRC companies only out of the profit for the year calculated according to PRC accounting principles. PRC laws also require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. We do not currently have a formal dividend policy or pre-determined dividend payout ratio. During the Track Record Period, no dividends have been declared or paid by us to our Shareholders.

## DISTRIBUTABLE RESERVES

As of December 31, 2025, we had no distributable reserves.

[**REDACTED**]

## UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF OUR COMPANY

Please see the section "Unaudited [**REDACTED**] Financial Information" in Appendix II for our unaudited [**REDACTED**] adjusted net tangible assets attributable to equity shareholders of our Company.

## NO MATERIAL ADVERSE CHANGE

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

## DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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