*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended December 31, 2023, 2024 and 2025, and the accompanying notes included in the Accountants' Report set out in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("**IFRS Accounting Standards**"), 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 the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a pioneer, promoter and key player in the evolution of the automotive E/E architecture. With our expertise in integrating all domains in intelligent automotive systems, we deliver integrated solutions encompassing hardware platforms, underlying software, application ecosystems, service architectures and optical transmission modules. Our product portfolio includes vehicle computing solutions and zone controller. Under our vehicle computing solutions, we offer OEMs the options of intelligent cockpit domain controllers, integrated advanced driver assistance system and cockpit controller and the Autosee OS software platform. According to Frost & Sullivan, we ranked third in terms of revenue of intelligent cockpit domain controller in China in 2025.

BASIS OF PRESENTATION

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by us in the preparation of the consolidated financial information throughout the Track Record Period. Our consolidated financial statements have been prepared on a historical cost basis, except for the certain financial assets and liabilities that are measured at fair value.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business performance and operating results are influenced by general factors affecting our total addressable market. These factors include, among others, overall economic growth in China and globally, the development of smart vehicle technology, raw material costs, regulatory, tax and geopolitical environments. Changes in any of these general factors could affect the demand for our solutions and products and our results of operations. In addition to the general factors mentioned above, we believe our results of operations are more directly affected by the following specific factors.

Our ability to deepen relationships with existing customers and expand our customer base

Our business growth was mainly driven by our ability to deepen our relationships with existing customers and expand our customer base. First, our future growth is dependent on our ability to maintain and deepen relationships with our existing customers. Our relationships with mainstream OEMs have evolved from a traditional supplier-purchaser one to partnerships focusing on jointly defining products and co-creating user experiences. We engage deeply with clients from the earliest stages of their product, ensuring our solutions are closely aligned with their vehicle platforms through careful chip platform selection and tailored solution design. Our robust end-to-end industry collaboration allows us to respond more rapidly to market changes and continuously deliver intelligent solutions that combine leading competitiveness with cost advantages.

Second, we are committed to identifying, engaging and retaining new customers to broaden our customer base. Leveraging our deep expertise and strong R&D capabilities, we aim to attract industry-leading OEM customers. While we continue to optimize cooperation with existing clients, we are proactively developing new client relationships in both China and overseas markets. As we continue to introduce competitive new solutions and products, promote our brand and expand our sales and service network, we anticipate attracting more OEM customers and achieving further revenue growth in the future.

Our ability to expand and optimize our portfolio of products and solutions

Ongoing progress in research and development is essential for our long-term business growth. Specifically, we will iteratively upgrade our new generation of integrated ADAS and cockpit domain controllers. By implementing versatile chip functionality in conjunction with on-device AI deployment, we strive to make intelligent cockpit and intelligent driving features more accessible and affordable, ultimately delivering a user experience that exceeds industry standards. We are also advancing our central computing platform, harnessing robust computing power to support dynamic allocation and flexible management of system functions.

Additionally, our gross profit margin differs among products sold for different vehicle models, reflecting factors such as production costs, technological innovation, pricing strategy, market demand and competition. Adjustments in our product and revenue mix may also impact total gross profit margin and, in turn, affect other aspects of our business performance.

Our commitment to technology innovation and leadership in product performance and quality

Our financial performance relies heavily on our ability to maintain technology leadership, which is driven by sustained investment in R&D. These R&D efforts underpin our ability to deliver a technology-focused user experience.

Our R&D efforts have been primarily directed toward iteration based on existing chip platforms, development of new products based on new chip platforms, pre-mass production development and adaptation, as well as foundational capability building to support future product upgrades. In 2023, our R&D investment was focused principally on SA8155 domain controllers and related projects. From 2024, we began expanding our R&D pipeline to include SA8255 domain controllers and SA8775 controllers. In 2025, our R&D investment continued to grow, driven by continued iteration of SA8255 domain controllers and the successful launch of the mass production of SA8775 controllers. The continuous strengthening of our in-house R&D capabilities has also provided a foundation for us to pursue cross-platform synergy, optimize our procurement structure, improve R&D investment efficiency and enhance overall profitability going forward. Our R&D expenses amounted to RMB406.6 million, RMB367.7 million and RMB336.9 million in 2023, 2024 and 2025, respectively. We expect our R&D expenses to remain substantial in the future.

We expect to continuously enhance our R&D capabilities, thereby enabling us to provide industry-leading products and solutions that address various needs of our OEM customers. We believe it is essential that we continue to upgrade and optimize our products and solutions as we successfully implement our R&D roadmap. We also intend to continue to invest heavily in attracting and retaining key talent to strengthen our technological advantages and to support our business growth and drive our overall long-term growth.

Our ability to effectively manage our costs and expenses and enhance operating efficiency

Achieving and sustaining profitability depends in part on our capacity to manage costs and expenses through improved operating leverage and efficiency. In 2023, 2024 and 2025, our cost of revenue amounted to RMB1,894.5 million, RMB2,226.0 million and RMB1,746.2 million, respectively. Our ability to control the costs of raw materials as production volumes increase has had and will continue to have a significant impact on our financial results. We anticipate that as our sales volumes grow, we will be able to reduce average unit costs and achieve economies of scale which should enhance our gross profit margin. We also plan to leverage our in-house production capabilities to improve the efficiency of raw material usage, optimize our cost structure and further strengthen our financial performance.

Our operating efficiency also depends on our capacity to streamline our operations. Maintaining strong control over operating expenses to achieve optimal efficiency is essential to our success. Throughout the Track Record Period, our selling and marketing expenses as a percentage of total revenue remained low. As we grow and scale our business, we expect to benefit from increased operating leverage and realize structural cost savings.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in note 3 to the Accountants' Report in Appendix I in this document.

Revenue

We recognize revenue from sales of vehicle computing solutions and zone controller solutions when customers accept our products or solutions. Our revenue from these sales may involve variable consideration arrangements, depending on the quantity of smart cockpit components delivered to OEMs or their suppliers. We make our best estimate of the transaction price when variable consideration is involved, but do not include any estimated amounts of variable consideration that are constrained.

Research and Development Expenses

We recognize expenditure on research activities as an expense in the period in which it is incurred. When we cannot recognize an internally generated intangible asset, we record development expenditure in profit or loss in the period incurred.

Government Grants

We do not recognize government grants until there is reasonable assurance that we will comply with the associated conditions and will receive the grants. We recognize government grants related to income as compensation for expenses or losses already incurred, or for immediate financial support with no future related costs, in profit or loss in the period in which they become receivable. Such grants are presented under "other income."

Inventories

We state inventories at the lower of cost and net realizable value. We determine cost of inventories on a weighted average basis. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include both incremental costs directly attributable to the sale and non-incremental costs we must incur to complete the sale.

We recognize the amount of any write-down of inventories to net realizable value, as well as losses of inventories, as an expense in the period in which the write-down or loss occurs. We recognize any reversal of write-down of inventories as a reduction of expense in the period in which the reversal occurs.

Fair Value Measurement of Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Our paid-in capital with preferred rights is measured as financial liabilities at FVTPL, determined using the Black-Scholes option pricing model with significant unobservable inputs. We apply judgment and estimation in establishing the relevant inputs. Changes in assumptions relating to these factors could result in material adjustments to the fair value of paid-in capital with preferred rights.

Intangible Assets

We carry intangible assets with finite useful lives, acquired separately, at cost less accumulated amortization and any accumulated impairment losses. We recognize amortization for such intangible assets on a straight-line basis over their estimated useful lives. We review estimated useful life and the amortization method at the end of each period of the Track Record Period and account for any changes in estimate prospectively. Intangible assets with indefinite useful lives that are acquired separately are carried at cost minus any accumulated impairment losses.

Impairment on Property, Plant and Equipment, Right-of-Use Assets, Contract Costs and Intangible Assets

At the end of each period of the Track Record Period, we review the carrying amounts of our property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether any indication of impairment exists. If such an indication is present, we estimate the recoverable amount of the relevant asset to determine the extent of any impairment loss (if any). Recoverable amount is defined as the higher of fair value less costs of disposal and value in use. In assessing value in use, we discount estimated future cash flows to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset or cash-generating unit, provided such risks have not been reflected in the future cash flows.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*
	(RMB in thousands, except for percentages)					
Revenue	**2,297,665**	**100.0**	**2,655,571**	**100.0**	**2,065,266**	**100.0**
Cost of revenue	(1,894,526)	(82.5)	(2,225,957)	(83.8)	(1,746,172)	(84.5)
Gross profit	**403,139**	**17.5**	**429,614**	**16.2**	**319,094**	**15.5**
Other income	48,199	2.1	37,578	1.4	48,151	2.3
Other gains and losses	(93)	–	5,511	0.2	3,218	0.2
Impairment losses under expected credit loss model, net of reversal	(13,050)	(0.6)	(18,189)	(0.7)	12,404	0.6
Selling and marketing expenses	(31,798)	(1.4)	(51,709)	(1.9)	(55,552)	(2.7)
Administrative expenses	(77,464)	(3.4)	(94,979)	(3.6)	(93,446)	(4.5)
Research and development expenses	(406,584)	(17.7)	(367,664)	(13.8)	(336,857)	(16.3)
Change in fair value of paid-in capital with preferred rights	(92,379)	(4.0)	(157,817)	(5.9)	(428,952)	(20.8)
Share of results of associates	–	–	(2,530)	(0.1)	(3,061)	(0.1)
Finance costs	(31,167)	(1.4)	(32,954)	(1.2)	(23,835)	(1.2)
[**REDACTED**] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Loss before tax	**(201,197)**	**(8.8)**	**(253,139)**	**(9.5)**	**(575,709)**	**(27.9)**
Income tax expense	–	–	–	–	–	–
Exchange differences arising on translation of foreign operations	–	–	–	–	(30)	–
Total comprehensive expense for the year attributable to owners of the Company	**(201,197)**	**(8.8)**	**(253,139)**	**(9.5)**	**(575,739)**	**(27.9)**
Loss per share	**–**	**–**	**–**	**–**	**–**	**–**
Basic and diluted (RMB)	(1.99)	–	(2.48)	–	(3.72)	–

ADJUSTED NET LOSS (NON-IFRS MEASURE)

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from year to year by eliminating potential impacts of certain items. We believe that such measure provides useful information for investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year excluding the effects of (i) change in fair value of paid-in capital with preferred rights, which does not arise from our ordinary course of business and is a non-cash fair value change related to our preferred rights capital instruments, which was converted on equity upon the termination of such preferred rights on September 30, 2025; and (ii) [**REDACTED**] expenses, which are one-off expenses related to the [**REDACTED**]. The adjustments have been consistently made during the Track Record Period. The following table sets forth the reconciliation of our loss for the year to adjusted net loss (non-IFRS measure) for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(201,197)	(253,139)	(575,709)
Add:			
Change in fair value of paid-in capital with preferred rights	92,379	157,817	428,952
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (non-IFRS measure)	**(108,818)**	**(95,322)**	**(129,884)**

Revenue

We generate revenue from vehicle computing solutions and zone controller solutions. The following table sets forth a breakdown of our revenue by business segments for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Vehicle computing solutions	2,297,665	100.0	2,655,571	100.0	2,010,099	97.3
– *SA8155*	2,283,821	99.4	2,631,008	99.1	1,704,869	82.5
– *SA8255*	–	–	–	–	109,036	5.3
– *SA8775*	–	–	–	–	117,284	5.7
– *Others*(1)	13,844	0.6	24,563	0.9	78,910	3.8
Zone controller solutions	–	–	–	–	55,167	2.7
Total	**2,297,665**	**100.0**	**2,655,571**	**100.0**	**2,065,266**	**100.0**

Note:

(1) Primarily representing MTK domain controllers (including MT8675 and MT8676) and SemiDrive X9.

Vehicle computing solutions. We develop and supply vehicle computing solutions that serve as the central computing units for automotive infotainment, human—machine interaction and in-vehicle connectivity. During the Track Record Period, the SA8155 domain controller represented our most mature product with the largest mass production scale. We also successfully achieved mass production of the SA8255 domain controllers and SA8775 controllers. Our product portfolio has progressively evolved from smart cockpit domain controllers to cockpit-driving fusion domain controllers and central computing platforms. Our revenue from vehicle computing solutions increased by 15.6% from RMB2,297.7 million in 2023 to RMB2,655.6 million in 2024, and decreased by 24.3% to RMB2,010.1 million in 2025. For details, see "—Year-to-Year Comparison of Results of Operations" below.

Zone controller solutions. We develop and supply automotive-grade zone controller solutions that serve as the distributed computing and control nodes of the vehicle's electronic and electrical architecture. We did not derive revenue from zone controller solutions in 2023 and 2024. In 2025, we commenced the commercialization of our zone controllers, and achieved a revenue of RMB55.2 million.

Cost of Revenue

Our cost of revenue primarily consists of (i) raw materials, (ii) labor costs and (iii) manufacturing costs. Raw materials represent the largest component of our cost of revenue. Historically, our raw material costs were relatively high due to our reliance on externally sourced PCBAs. As we continue to advance in-house PCBA manufacturing and progressively deepen our manufacturing capabilities, we expect to enhance our bargaining power with our suppliers and reduce raw material costs through annual pricing negotiations, project-by-project pricing negotiations and supplier management optimization, as well as to improve overall production efficiency. The table below sets forth a breakdown of our cost of revenue by nature for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Raw materials costs	1,858,374	98.1	2,161,581	97.1	1,660,988	95.1
Labor costs	21,112	1.1	42,683	1.9	44,973	2.6
Manufacturing costs	15,040	0.8	21,692	1.0	40,211	2.3
Total	**1,894,526**	**100.0**	**2,225,957**	**100.0**	**1,746,172**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product lines during the Track Record Period:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit/loss	**Gross Margin**	**Gross Profit/loss**	**Gross Margin**	**Gross Profit/loss**	**Gross Margin**
		%		*%*		*%*
	(RMB in thousands, except for percentages)					
Vehicle computing solutions	**403,139**	**17.5**	**429,614**	**16.2**	**318,286**	**15.8**
– SA8155	401,036	17.6	426,712	16.2	272,341	16.0
–Others[(1)]	2,103	15.2	2,902	11.8	45,945	15.1
Zone controller solutions	**–**	**–**	**–**	**–**	**808**	**1.5**
Total	**403,139**	**17.5**	**429,614**	**16.2**	**319,094**	**15.5**

Note:

(1) Including SA8255, X9, MTK series domain controllers, SA8775 series controllers and others.

Other Income

Our other income primarily consists of value-added tax deductions and incentives, government grants, interest income from bank balances. The following table sets forth a breakdown of the components of our other income for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Value-added tax additional deductions and incentives[(1)]	26,307	54.6	23,976	63.8	32,925	68.4
Government grants	21,145	43.9	9,530	25.4	10,920	22.7
Interest income from bank balances	747	1.5	1,224	3.3	1,366	2.8
Others[(2)]	–	–	2,848	7.6	2,940	6.1

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Total	**48,199**	**100.0**	**37,578**	**100.0**	**48,151**	**100.0**

Note:

(1) Value-added tax additional deduction and incentives represent tax refund from PRC government authorities, which are recognized when payments were received.

(2) Primarily include rental income.

Other Gains and Losses

Our other gains and losses primarily consist of gain or loss on disposal of property, plant and equipment and gain from changes in fair value of financial assets at FVTPL. We incurred other losses of RMB0.1 million for the year ended December 31, 2023 and we recorded other gains of RMB5.5 million and RMB3.2 million for the year ended December 31, 2024 and 2025, respectively.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Our impairment losses represent the impairment losses on trade receivables due from certain customers, or reversal of impairment losses if we expect our credit loss to decrease. We incurred impairment losses of RMB13.1 million and RMB18.2 million for the year ended December 31, 2023 and 2024, respectively, and incurred reversal of impairment loss of RMB12.4 million for the year ended December 31, 2025.

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employment compensation and benefits for sales and marketing personnel, (ii) business development expenses, (iii) professional service fees, (iv) marketing expenses and (v) others. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employment compensation and benefits	19,239	60.5	25,033	48.4	31,025	55.8
Business development expenses	9,399	29.6	11,788	22.8	6,185	11.1
Professional service fees	1,105	3.5	8,175	15.8	4,963	8.9
Marketing expenses	1,617	5.1	5,480	10.6	11,632	20.9
Others[1]	438	1.4	1,233	2.4	1,747	3.1
Total	**31,798**	**100.0**	**51,709**	**100.0**	**55,552**	**100.0**

Note:

(1) Primarily include office expenses and utilities.

Administrative Expenses

Our administrative expenses consist of (i) employment compensation and benefits for administrative personnel, (ii) depreciations and amortizations, (iii) professional service fees, (iv) office expenses and (v) others. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employment compensation and benefits	51,765	66.8	50,363	53.0	56,266	60.2
Depreciations and amortizations	6,855	8.8	14,678	15.5	12,390	13.3
Professional service fees	9,853	12.7	19,818	20.9	15,824	16.9
Office expenses	3,882	5.0	8,276	8.7	7,152	7.7
Others[(1)]	5,109	6.6	1,844	1.9	1,814	1.9
Total	**77,464**	**100.0**	**94,979**	**100.0**	**93,446**	**100.0**

Note:

(1) Primarily include utilities.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employment compensation and benefits for research and development personnel, (ii) technical service fees, (iii) materials and consumables, (iv) depreciations and amortizations and (viii) others. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employment compensation and benefits	148,763	36.6	191,628	52.1	182,616	54.2
Technical service fees[(1)]	226,209	55.6	139,565	38.0	113,933	33.8
Materials and consumables	13,869	3.4	19,000	5.2	17,518	5.2
Depreciations and amortizations	9,740	2.4	10,956	3.0	14,168	4.2
Others[(2)]	8,003	2.0	6,515	1.8	8,622	2.6
Total	**406,584**	**100.0**	**367,664**	**100.0**	**336,857**	**100.0**

Notes:

(1) Our technical service providers assist us in our research and development activities, particularly in the development of specialized algorithms and software for intelligent cockpit. Regarding the commercial terms, such technical services are typically provided on either a project basis or a personnel basis. Under the project-based model, we make installment payments according to agreed project milestones. Under the personnel-based model, we make payments based on the number of research and development personnel involved and their respective service periods. Our technical service providers are primarily Independent Third Parties, including several leading software and hardware developers with expertise in the automobile industry. Occasionally, they introduce us to potential customers, mainly Chinese or international OEMs with whom they have established business relationships. Our technical service providers also include Bosch, which is currently one of our shareholders. Our business collaboration with Bosch commenced before Bosch's equity investment in us. We engaged Bosch as a technical service provider because of its

strong research and development capabilities, which are supplemental to our existing R&D capabilities. Bosch subsequently made an equity investment in us in recognition of the smooth and effective collaboration between the parties. See "Business—Our Suppliers—Our Relationship with Bosch" for further details.

(2) Primarily include travel expenses, office expenses and utilities.

Change in Fair Value of Paid-in Capital with Preferred Rights

In 2023, 2024 and 2025, we recorded changes in fair value of paid-in capital with preferred rights of RMB92.4 million, RMB157.8 million and RMB429.0 million, respectively. Changes in fair value of paid-in capital with preferred rights are associated with the increase in our valuation.

Share of Results of Associates

In 2023, 2024 and 2025, we recorded share of results of associates of nil, RMB2.5 million and RMB3.1 million, respectively, which primarily represented our share of losses of an investee.

Finance Costs

Our finance costs primarily consist of (i) interests on lease liabilities and (ii) interests on bank borrowings. The following table sets forth a breakdown of our finance costs for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Interests on lease liabilities	2,712	8.7	1,823	5.5	216	0.9
Interests on bank borrowings	28,455	91.3	31,131	94.5	23,619	99.1
Total	**31,167**	**100.0**	**32,954**	**100.0**	**23,835**	**100.0**

[**REDACTED**] Expense

We recorded [**REDACTED**] expenses of [**REDACTED**] in 2025, which represented the expenses we incurred in preparation for this [**REDACTED**]. We did not incur [**REDACTED**] expenses in 2023 or 2024.

Loss Before Tax

As a result of the foregoing, in 2023, 2024, and 2025, we recorded loss before tax of RMB201.2 million, RMB253.1 million and RMB575.7 million, respectively.

Income Tax Expense

The statutory tax rate of our PRC subsidiaries was 25% during the Track Record Period. We were eligible for several preferential tax treatments or deductions, for example, the preferential tax rate of 15% for "High and New Technology Enterprise." Taking into account the effect of such preferential tax treatments and deductions, our income tax expense was nil during the Track Record Period.

Loss for the Year

As a result of the foregoing, our net loss in 2023, 2024 and 2025 was RMB201.2 million, RMB253.1 million and RMB575.7 million, respectively. For an analysis of the factors contributing to our historical net losses, see "Business—Business Sustainability and Path to Profitability—Factors Contributing to Historical Net Losses" for details.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue decreased by 22.2% from RMB2,655.6 million in 2024 to RMB2,065.3 million in 2025.

- Revenue from vehicle computing solutions decreased from RMB2,655.6 million in 2024 to RMB2,010.1 million in 2025. This decline was primarily driven by a decrease in sales volume of SA8155 domain controllers from 798.1 thousand units to 563.1 thousand units. In particular, one major OEM customer decided to develop domain controllers based on a new chip platform that did not align with our strategic product development roadmap, as this platform was not expected to achieve economies of scale. We therefore decided to scale back our cooperation with this OEM customer, which resulted in a reduction in orders. In addition, the vehicle model of another OEM customer that adopted our solutions entered the late stage of its product life cycle, which weakened market demand and led to a further decline in order volumes. Consequently, revenue decreased correspondingly. Notwithstanding the above, SA8155 domain controllers continued to demonstrate sustained market demand and commercial viability. Certain of our other OEM customers awarded us new design wins or increased their order volumes in 2025. Revenue attributable to our OEM customers other than the two customers mentioned above grew by approximately 31.0% from 2024 to 2025.

  The decrease in revenue from SA8155 domain controllers was partially offset by the revenue growth from our new products. We had been actively developing new product lines and expanding our customer base. In the second half of 2025, we began the commercialization of SA8255 domain controllers and SA8775 controllers, and recorded revenue of RMB109.0 million and RMB117.3 million, respectively, representing 5.3% and 5.7% of our total revenue in 2025, respectively. Although these new products were mainly launched in the second half of 2025 and had not yet reached a significant revenue scale in 2025, we expect them to become increasingly significant contributors to our revenue mix and to act as key drivers of our long-term growth.

- Revenue from zone controller solutions increased from nil in 2024 to RMB55.2 million in 2025. Our zone controller solutions were commercialized in May 2025 and we achieved a sales volume of 59.2 thousand units this year. By leveraging our existing customer base, strengthening cooperation with key OEM customers and expanding the application scenarios for our products, we expect a further increase in revenue from our zone controller solutions in the future.

Cost of Revenue

Our cost of revenue decreased by 21.6% from RMB2,226.0 million in 2024 to RMB1,746.2 million in 2025, primarily driven by the decrease in sales volume of SA8155 domain controllers. Raw material costs decreased by 23.2% from RMB2,161.6 million in 2024 to RMB1,661.0 million in 2025, which was in line with our decreased sales volume. The decrease in raw material costs was also driven by (i) the commencement of our in-house development of PCBAs, which improved our cost structure by reducing our external procurement of PCBAs, and (ii) our proactive supplier management, including multiple rounds of price negotiations, which enabled us to secure lower procurement price.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased from RMB429.6 million in 2024 to RMB319.1 million in 2025.

Our gross profit margin decreased from 16.2% in 2024 to 15.5% in 2025.

- Gross profit margin of vehicle computing solutions decreased from 16.2% in 2024 to 15.8% in 2025. Specifically, (i) the gross profit margin for SA8155 domain controllers decreased slightly from 16.2% in 2024 to 16.0% in 2025. Although we continued to implement cost control measures and optimize our supply chain, intense industry competition put pressure on the selling price of SA8155 domain controllers. This led to a slight decline in our gross profit margin for SA8155 domain controllers, although it still remained among the leading levels in the industry, according to Frost & Sullivan; (ii) we recorded revenue from intelligent domain controllers based on other SoC platforms in 2025, which, in some cases such as MTK, had a relatively low gross profit margin. MTK domain controllers were developed for one of the leading Chinese OEMs with which we had not previously cooperated. This business helps us further expand our customer base and strengthen our key-account strategy. In addition, we have observed that various Chinese OEMs are adopting domain controllers based on MTK-series chip platforms, which are expected to maintain a certain market share in the future and therefore present solid business prospects, according to Frost & Sullivan.

- We recorded a gross profit margin of 1.5% for zone controller solutions in 2025. As this is a relatively new business line, we incurred substantive upfront costs for the production of zone controller solutions. Our production volume during this year was relatively low, and we had not yet realized economies of scale, resulting in a low gross profit margin for this year.

Other Income

Our other income increased by 28.1% from RMB37.6 million in 2024 to RMB48.2 million in 2025, primarily due to an increase in additional deductions and incentives for value-added tax in relation to Wuxi City's higher tax refund for advanced manufacturing enterprises.

Other Gains and Losses

We recorded other gains of RMB5.5 million and RMB3.2 million in 2024 and 2025, respectively. In 2024, we disposed certain production lines and equipments in accordance with our business needs, which generated gains of RMB4.9 million. In 2025, we recorded gain from changes in fair value of financial assets at FVTPL of RMB3.5 million, which represented gains from wealth management products.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Our recorded impairment losses of RMB18.2 million in 2024 and net reversal of impairment losses of RMB12.4 million in 2025, respectively. We recorded impairment losses in 2024 in relation to the trade receivables from an OEM which faced operating difficulties in 2024. We recorded net reversal of impairment losses in 2025 primarily because our trade receivables decreased in line with the decline in sales, which resulted in a corresponding reduction in the allowance of impairment losses on trade receivables measured under the expected credit loss model.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 7.4% from RMB51.7 million in 2024 to RMB55.6 million in 2025, primarily due to (i) an increase of RMB6.2 million in marketing expenses, as we advanced our internationalization strategy by actively participating in major international auto shows (*e.g.*, autoshows in the United States, Germany and Japan) to engage with international customers and showcase our technologies, and (ii) an increase of RMB6.0 million in employee compensation and benefits, as we built an international-focused team through a combination of internal redeployment and external recruitment to explore demands from international customers. These increases were partially offset by a decrease in business development expenses of RMB5.6 million, as we strengthened budgetary controls, refined expense management and exercised more stringent control over business entertainment expenses.

Administrative Expenses

Our administrative expenses decreased by 1.6% from RMB95.0 million in 2024 to RMB93.4 million in 2025, primarily because our professional service fees decreased by 20.2% from RMB19.8 million in 2024 to RMB15.8 million in 2025, as we engaged various professional services in support of our financing activities (*e.g.*, the Series-D financing) and digital transformation in 2024. In addition, our headhunting expenses in 2025 decreased significantly as we improved cost management and operational efficiency.

Research and Development Expenses

Our research and development expenses decreased by 8.4% from RMB367.7 million in 2024 to RMB336.9 million in 2025. Because our SA8155 domain controllers had entered a more mature stage of their lifecycle, research and development expenses for these products decreased by approximately RMB95.7 million. At the same time, we reallocated research and development resources to our high-growth SA8255 domain controllers and SA8775 controllers, increasing combined research and development expenses for these two new products by approximately RMB62.8 million, in order to accelerate their commercialization and strengthen our core competitiveness in the future. Meanwhile, we increased our R&D expenditure in the in-house design of hardware and underlying software, which enhanced synergies across chip platforms and improved R&D efficiency.

Change in Fair Value of Paid-in Capital with Preferred Rights

Our change in fair value of paid-in capital with preferred rights increased significantly from RMB157.8 million in 2024 to RMB429.0 million in 2025. This change reflected the fair value adjustments that were recognized on our paid-in capital with preferred rights as our valuation increased. Under the applicable accounting standards, paid-in capital with preferred rights is classified as financial liabilities, and is carrying amounts has to be remeasured as valuation rises. As a result, the higher our valuation was, the larger the corresponding fair value loss on such paid-in capital with preferred rights. The preferred rights attached to such paid-in capital were terminated on September 30, 2025. For further details, see Note 32 to the Accountant's Report set out in Appendix I to this document.

Share of Results of Associates

Our share of results of associates was RMB2.5 million in 2024 and RMB3.1 million in 2025, which primarily represented our share of losses of an investee.

Finance Costs

Our finance costs decreased from RMB33.0 million in 2024 to RMB23.8 million in 2025, primarily because we enhanced our cash flow management and proactively communicated with our suppliers, who became increasingly willing to accept the endorsement of bills receivables. As a result, we reduced the discounting of bills receivables (that is, the transfer of bills receivables to banks for cash), leading to a corresponding decrease in related finance costs.

[**REDACTED**] *Expense*

We recorded [**REDACTED**] expenses of nil in 2024 and [**REDACTED**] in 2025, which represented the expense we incurred in preparation for this [**REDACTED**].

Loss Before Tax

As a result of the foregoing, our loss before tax increased significantly from RMB253.1 million in 2024 to RMB575.7 million in 2025.

Income Tax Expense

We did not incur income tax expense in 2024 and 2025.

Loss for the Year

As a result of the foregoing, our loss for the year increased significantly from RMB253.1 million in 2024 to RMB575.7 million in 2025.

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

Revenue

Our revenue increased by 15.6% from RMB2,297.7 million in 2023 to RMB2,655.6 million in 2024. This growth was primarily driven by the increase in the sales volume of SA8155 domain controllers from 623.8 thousand units in 2023 to 798.1 thousand units in 2024. The increase in sales of SA8155 domain controllers reflected the quality and competitiveness of our products as well as our ability to secure design-wins with leading Chinese OEMs. As the market for intelligent cockpit solutions continued to expand, our prior investments in the SA8155 domain controllers and key OEM customers enabled us to capture this growth.

Cost of Revenue

Our cost of revenue increased by 17.5% from RMB1,894.5 million in 2023 to RMB2,226.0 million in 2024, primarily driven by an increase in our raw material costs in line with our increased sales volume.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB403.1 million in 2023 to RMB429.6 million in 2024.

Our gross profit margin slightly decreased from 17.5% in 2023 to 16.2% in 2024. The decrease in our gross profit margin was primarily due to a reduction in the average selling price of SA8155 domain controllers. While we increased the sales volume of our SA8155 domain controllers from 623.8 thousand units in 2023 to 798.1 thousand units in 2024, we reduced our average selling price from RMB3,661 in 2023 to RMB3,296 in 2024 because certain OEMs faced intensified industry competition and passed the pricing pressure onto their suppliers.

Other Income

Our other income decreased by 22.0% from RMB48.2 million in 2023 to RMB37.6 million in 2024, primarily because of a decrease in the amount of government grants that we received, which were one-off incentives provided by local governments to reward our support and contribution for the development of local economies.

Other Gains and Losses

We recorded other losses of RMB0.1 million in 2023 and other gains of RMB5.5 million in 2024. Our other gains in 2024 primarily comprised gain on disposal of certain production lines and equipment in accordance with our business needs.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Our impairment losses increased by 38.9% from RMB13.1 million in 2023 to RMB18.2 million in 2024, primarily due to an increase in the impairment losses in relation to the trade receivables from an OEM which faced operating difficulties in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 62.6% from RMB31.8 million in 2023 to RMB51.7 million in 2024, primarily due to (i) an increase in business development expenses from RMB9.4 million in 2023 to RMB11.8 million in 2024 as we increased our business development efforts to acquire new OEM customers; (ii) an increase in professional service fees from RMB1.1 million in 2023 to RMB8.2 million in 2024 as we engaged certain management consulting services to support our overseas expansion strategies (*e.g.*, expansion to the Japanese market); and (iii) an increase in marketing expenses from RMB1.6 million in 2023 to RMB5.5 million in 2024 as we expanded our marketing initiatives (*e.g.*, increased participations in auto shows and industry forums).

Administrative Expenses

Our administrative expenses increased by 22.6% from RMB77.5 million in 2023 to RMB95.0 million in 2024, which was primarily due to (i) an increase in professional service fees from RMB9.9 million in 2023 to RMB19.8 million in 2024 as we engaged management consulting services to assist us in improving our operational efficiency, optimizing our corporate governance structure, streamlining and standardizing our business workflows and enhancing our internal management systems, and (ii) an increase in depreciations and amortizations from RMB6.9 million in 2023 to RMB14.7 million in 2024, as we relocated to a new office and recorded higher depreciation of fixed assets and higher amortization for renovation costs.

Research and Development Expenses

Our research and development expenses decreased by 9.6% from RMB406.6 million in 2023 to RMB367.7 million in 2024. We enhanced our in-house R&D capabilities by expanding our R&D team, leading to an overall increase in employment compensation and benefits for our R&D personnel from RMB148.8 million in 2023 to RMB191.6 million in 2024 and a decrease in technical service fees from RMB226.2 million in 2023 to RMB139.6 million in 2024. We focused on improving the efficiency of our R&D activities and were able to grow our revenue while reducing overall R&D expenses. For example, leveraging the growth of our R&D team, we handled short-term software development and testing support substantially in-house, which enabled us to conduct software development and testing more efficiently and respond to customers' tailor-made requests in a more timely and effective manner.

Change in Fair Value of Paid-in Capital with Preferred Rights

Our change in fair value of paid-in capital with preferred rights increased significantly from RMB92.4 million in 2023 to RMB157.8 million in 2024, primarily driven by the addition of new investors and changes in our valuation. For further details of the identity and background of these investors and the principal terms of their investments, see "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" and Note 32 to the Accountant's Report set out in Appendix I to this document.

Share of Results of Associates

Our share of results of associates was nil in 2023 and RMB2.5 million in 2024, which primarily represented our share of losses of an investee.

Finance Costs

Our finance costs remained relatively stable at RMB31.2 million and RMB33.0 million in 2023 and 2024, respectively. Our finance costs primarily comprise interests on lease liabilities and interests on bank borrowings, both of which remained relatively stable at 2023 and 2024.

[**REDACTED**] *Expense*

We did not incur [**REDACTED**] expense in 2023 and 2024.

Loss Before Tax

As a result of the foregoing, our loss before tax increased by 25.8% from RMB201.2 million in 2023 to RMB253.1 million in 2024.

Income Tax Expense

We did not incur income tax expense in 2023 and 2024.

Loss for the Year

As a result of the foregoing, our net loss increased by 25.8% from RMB201.2 million in 2023 to RMB253.1 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
ASSETS			
Non-current assets			
Property, plant and equipment	137,242	155,570	158,470
Right-of-use assets	10,320	7,905	15,579
Intangible assets	16,237	20,512	88,253
Interest in associates	–	12,470	9,409
Restricted cash	–	–	210,000
Prepayment, deposits and other receivables	8,874	66,314	70,374

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	**172,673**	**262,771**	**552,085**
Current assets			
Inventories	315,907	110,753	254,024
Trade receivables	1,158,588	1,153,489	782,800
Notes receivables	424,232	785,378	285,472
Contract costs	64,839	4,644	46,025
Prepayments, deposits and other receivables	13,488	27,852	120,415
Amounts due from related parties	1,217	11,269	12,431
Financial assets at fair value through profit or loss	–	–	75,001
Restricted cash	33,316	111,251	12
Cash and cash equivalents	75,654	185,454	320,435
Total current assets	**2,087,241**	**2,390,090**	**1,896,615**
Total assets	**2,259,914**	**2,652,861**	**2,448,700**
LIABILITIES			
Current liabilities			
Trade and notes payables	237,494	208,398	890,620
Borrowings	911,014	1,298,264	949,897
Accrued expense and other payables	165,399	162,990	203,449
Amounts due to related parties	1,443,275	1,219,563	10,330
Lease liabilities	2,136	2,696	3,361
Contract liabilities	794	3	197
Total current liabilities	**2,760,112**	**2,891,914**	**2,057,854**
Net Current Liabilities	**(672,871)**	**(501,824)**	**(161,239)**
Total Assets less Current Liabilities	**(500,198)**	**(239,053)**	**390,846**
Non-current liabilities			
Borrowings	69,208	–	200,000
Lease liabilities	4,274	2,092	8,778
Paid-in capital with preferred rights	1,099,021	1,684,695	–
Total non-current liabilities	**1,172,503**	**1,686,787**	**208,778**
Net (liabilities)/assets	**(1,672,701)**	**(1,925,840)**	**182,068**
EQUITY			
Share capital	–	–	33,637
Paid-in capital	25,478	29,442	–
Reserves	(1,698,179)	(1,955,282)	148,431
Total Equity	**(1,672,701)**	**(1,925,840)**	**182,068**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of building, machinery, furniture and equipment, leasehold improvements and construction in progress. Our property, plant and equipment increased by 13.4% from RMB137.2 million as of December 31, 2023 to RMB155.6 million as of December 31, 2024, primarily attributable to an increase in construction in progress. Our property, plant and equipment remained relatively stable at RMB155.6 million as of December 31, 2024 and RMB158.5 million as of December 31, 2025.

Inventories

Our inventories consist of (i) raw materials; (ii) work-in-progress, and (iii) finished goods. Raw materials primarily consist of materials for production and research and development. Work-in-progress is partially completed goods that are still in the production process. Finished goods are products ready for transit at our production plants and products delivered to customers without acceptance. The following table sets forth a breakdown of our inventories as of the dates indicated and turnover days of our inventories for the years indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	12,264	17,296	71,826
Work-in-progress	174,978	28,301	89,937
Finished goods	128,665	65,156	92,261
Total	**315,907**	**110,753**	**254,024**

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	43	35	38

Note:

(1) Inventory turnover days are calculated by dividing the average balance of inventories for the relevant period by cost of revenue for the relevant period and multiplying by 365 days for the full-year period.

The table below sets forth in the aging analysis of our inventories based on goods received date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 6 months	309,631	92,320	243,040
6 to 12 months	6,276	18,433	5,094
Over 1 year	–	–	5,890
Total	**315,907**	**110,753**	**254,024**

Our inventories decreased from RMB315.9 million as of December 31, 2023 to RMB110.8 million as of December 31, 2024, which was primarily driven by decreases in work-in-progress and finished goods. The decrease in work-in-progress was due to the fact that we ramped up our production toward the end of 2023 to ensure that we could meet the increased purchase volume from OEMs ahead of the Chinese New Year. The decrease in finished goods reflected our efforts to accelerate customer's acceptance of our goods, which reduced the level of finished products held on hand.

Our inventories increased from RMB110.8 million as of December 31, 2024 to RMB254.0 million as of December 31, 2025, which was primarily driven by an increase in raw materials and work-in-progress. The increase in raw materials was mainly attributable to our stronger needs for raw material management. In light of our assessment of potential raw material price increases and uncertainties in the supply chain, we arranged centralized procurement in the second half of 2025 and proactively increased our safety stock levels. Our work-in-progress increased primarily because, first, as we increased the proportion of self-produced components, the number of production steps and the length of production cycles both increased, which led to a higher volume of goods at various stages of production. Second, certain customers received a surge of indicative orders toward the end of the year. To support their subsequent stocking plans, we scaled up production at the end of 2025, which resulted in an increase in work-in-progress as well as finished goods.

Our inventory turnover days decreased from 43 days in 2023 to 35 days in 2024 primarily because our cost of revenue increased during 2024, whereas our inventories decreased attributable to reasons discussed above. Our inventory turnover days increased from 35 days in 2024 to 38 days in 2025 primarily due to the increase in our inventory balance as of the end of 2025, reflecting our decision to maintain a higher level of safety stock in light of raw material price volatility and supply chain uncertainties.

As of April 30, 2026, RMB209.3 million, or 82.4%, of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Trade Receivables

Our trade receivables primarily consist of outstanding amounts due from our customers for products we have sold in the ordinary course of our business. The credit period generally ranges from 60 days to 90 days. Trade receivables are generally settled in accordance with the terms of the respective contracts.

The following table sets forth the aging analysis of our trade receivables based on revenue recognition date, as of the dates indicated of our trade receivables for the periods indicated.

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 90 days	1,145,443	1,146,515	756,354
91-180 days	13,133	3,595	25,417
181-365 days	–	456	605
1 to 2 years	12	2,923	424
Total	**1,158,588**	**1,153,489**	**782,800**

Our trade receivables decreased from RMB1,158.6 million as of December 31, 2023 to RMB1,153.5 million as of December 31, 2024, and further decreased to RMB782.8 million as of December 31, 2025. This overall downward trend was primarily driven by our strengthened receivables management and a continued improvement in our customer mix. In particular, our customer base has shifted toward a higher proportion of industry-leading OEMs, which generally observe shorter payment cycles and stronger payment disciplines, resulting in faster turnover of our trade receivables. The more pronounced decrease in 2025 was further attributable to a decline in our revenue scale in 2025 over the same period. As a result, our outstanding trade receivables as of December 31, 2025 were substantially lower compared to prior year-ends, reflecting both improved collection efficiency and reduced new receivables generation.

The following table sets forth turnover days of our trade receivables for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days(1)	108	159	171

Note:

(1) Trade receivables turnover days are calculated by dividing the average balance of trade receivables for the relevant period by the total revenue for the relevant period and multiplying by 365 days for the full-year period.

Our trade receivables turnover days were 108 days, 159 days and 171 days in 2023, 2024 and 2025, respectively. Our trade receivables turnover days in 2023 were shorter because our revenue increased significantly to RMB2,297.7 million in 2023 during this period, whereas the average balance of our trade receivables in 2023 was relatively low, which was mainly affected by the significantly lower opening balance (*i.e.* we recorded trade receivables of RMB197.1 million as of December 31, 2022). Our trade receivables turnover days increased to 159 days in 2024, primarily because our revenue in 2024 was more concentrated in the second half of 2024 than the first half of 2024 (*i.e.* our revenue was RMB1,046.7 million and RMB1,608.9 million in the first and second half of 2024, respectively), resulting in a higher balance of trade receivables as of December 31, 2024. Our trade receivables turnover days slightly increased to 171 days in 2025, primarily because the decrease in our revenue outpaced the decrease in our trade receivables balance. In 2025, we were gradually collecting trade receivables generated during the sales peak in the second half of 2024, while our revenue for the year declined by a comparatively larger magnitude. As a result, although the absolute amount of our trade receivables decreased and our collection efforts remained effective, the lower revenue in 2025 led to a modest increase in our trade receivables turnover days.

We have made periodic assessments on recoverability based on historical settlement records and adjust the assessments according to forward-looking information. We review our trade receivables balance and follow up with customers with past due trade receivables on a monthly basis. We do not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables are non-interest-bearing.

Our Directors consider that there is no material recoverability issue with respect to the outstanding trade receivables and that our impairment provision was adequate in light of the prevailing circumstances as of the Latest Practicable Date, based on (i) our periodic assessment to closely monitor our credit exposure and identify significant increases in credit risks and, where applicable, make timely allowance for expected credit losses, (ii) the stringent internal measures we have taken to enhance the management and collection of trade receivables, and (iii) the reliability and track record of settlement from our customers, which are mainly established companies well-known in the industry.

As of April 30, 2026, 68.9% of our trade receivables as of December 31, 2025 had been settled subsequently.

Notes Receivables

Our notes receivables represent bank acceptance notes and commercial acceptance notes, all aged less than six months, which amounted to RMB424.2 million, RMB785.4 million and RMB285.5 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations of notes receivables during the Track Record Period was primarily due to the fluctuations in sales to certain OEM customers during the relevant years, where the notes were the main settlement method. Certain of our notes receivables were transferred to banks for cash (*i.e.* discounting) or transferred to our suppliers as payment (*i.e.* endorsing). See note 22 to the Accountants' Report set out in Appendix I in this document for details. Excluding notes receivables that were discounted or endorsed, the remaining notes receivables would be RMB18.4 million, RMB101.2 million and RMB134.6 million as of December 31, 2023, 2024 and 2025, respectively.

As of April 30, 2026, RMB157.3 million, or 55.1%, of our notes receivables as of December 31, 2025 had been settled subsequently.

Financial Assets at FVTPL

Our financial assets at fair value through profit or loss ("FVTPL") represent our investments in wealth management products issued by financial institutions. Our financial assets at FVTPL were nil as of December 31, 2023 and 2024, and amounted to RMB75.0 million as of December 31, 2025.

The fair value measurement of these financial assets is categorized as level 2 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs. We use the discounted cash flow valuation method. Namely, cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties.

During the Track Record Period, we purchased and redeemed wealth management products in accordance with our treasury management objective to improve returns on our available capital. We manage and evaluate the performance of investments on a fair value basis in accordance with our risk management and investment strategy.

As part of our investment strategy, we will continue to use our cash surplus to purchase low-risk wealth management products. Our finance department is responsible for proposing, analyzing and evaluating potential investment in wealth management products and other financial assets. Before purchasing any wealth management products, our finance department shall obtain the relevant approvals in accordance with our relevant internal procedures. Upon approvals, our finance department is responsible for purchasing such wealth management products and reviewing the performance of relevant wealth management products on a monthly basis. Our senior management team has extensive experience in corporate finance and investment management, which enables them to effectively assess the risks and returns of wealth management products and other investment projects and to implement our investment strategies in a prudent and disciplined manner. Our investment strategy related to financial products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities or disposals of the portfolio to anticipated operating cash needs, while generating desirable investment returns for the benefits of our shareholders. We undertake to comply with the requirements and obligations under Chapter 14 of the Listing Rules for investments in financial assets measured at fair value through profit or loss and any acquisitions, disposals and other transactions involving such assets after the Listing.

Among the investments we made in the Track Record Period, none fell within the Board's review scope and all were approved by head of the finance department in accordance with our internal policies.

Cash and Cash Equivalents

Our cash and cash equivalents primarily represent cash at banks. Our cash and cash equivalents amounted to RMB75.7 million as of December 31, 2023 and RMB185.5 million as of December 31, 2024. The increase in cash and cash equivalents was primarily attributable to the proceeds from our financing activities and increases in bank borrowings. Our cash and cash equivalents increased from RMB185.5 million as of December 31, 2024 to RMB320.4 million as of December 31, 2025, mainly in relation to the proceeds we obtained from Pre-[**REDACTED**] financing.

Trade and Notes Payables

Our trade and notes payables are primarily payables incurred for the purchase of raw materials. The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	149,383	191,199	890,437
Notes payables	88,111	17,199	183
Total	**237,494**	**208,398**	**890,620**

Trade Payables

Trade payables primarily represent amounts due to third parties for the procurement of raw materials. During the Track Record Period, our suppliers generally granted us credit periods of 90 days upon receipt of the VAT invoices.

The following table sets forth the aging analysis of our trade payables based on purchase date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 90 days	136,168	178,979	883,710
90-180 days	2,799	3,464	1,057
181-365 days	9,978	1,373	1,517
1-2 years	181	6,983	2,987
Over 2 years	257	400	1,166
Total	**149,383**	**191,199**	**890,437**

Our trade payables increased significantly from RMB149.4 million as of December 31, 2023 to RMB191.2 million as of December 31, 2024, as we purchased more raw materials for the production of vehicle computing solutions, which corresponded with our significantly increased sales volume. Our trade payables increased from RMB191.2 million as of December 31, 2024 to RMB890.4 million as of December 31, 2025, primarily because Bosch ceased to be our related party as of December 31, 2025, and the relevant amounts due to Bosch of RMB575.2 million (which were previously categorized as amounts due to related parties) were re-categorized as trade payables. See "—Amounts due to Related Parties" below for detail.

As of April 30, 2026, RMB736.0 million, or 82.7%, of our trade payables as of December 31, 2025 had been settled subsequently.

Notes Payables

Our notes payables represent bank acceptance notes and commercial acceptance notes issued to suppliers. Our notes payables decreased significantly by 80.5% from RMB88.1 million as of December 31, 2023 to RMB17.2 million as of December 31, 2024, and further decreased to RMB0.2 million as of December 31, 2025. We substantially reduced our use of commercial acceptance notes in line with industry practice and accelerated our payment settlement with suppliers.

Accrued Expense and Other Payables

Our accrued expense and other payables primarily consist of (i) payroll payables; (ii) other taxes payables; (iii) accrued expenses, primarily represented service fee payables to third-party agencies; (iv) warranty provisions arising from our product warranty for customers and (v) other payables. The following table sets forth our accrued expenses and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payroll payables	45,525	45,229	60,589
Accrued expenses	42,808	42,010	33,327
Warranty provisions	19,406	23,308	27,803

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other taxes payables	4,474	5,109	8,000
Other payables[(1)]	53,186	47,334	69,295
Accrued **[REDACTED]**	[REDACTED]	[REDACTED]	[REDACTED]
Total	**165,399**	**162,990**	**203,449**

Note:

(1) including payables arising from the ordinary business and payables to OEMs as they made advanced payment in connection with the joint R&D projects.

Our accrued expense and other payables remained relatively stable at RMB165.4 million as of December 31, 2023 and RMB163.0 million as of December 31, 2024. Our accrued expense and other payables increased from RMB163.0 million as of December 31, 2024 to RMB203.4 million as of December 31, 2025, primarily due to (i) an increase in payroll payables, in line with the increase in the number of employees resulting from our expanding business and production lines and (ii) an increase in other payables arising from a note payable of RMB23.7 million, which was mainly attributable to notes received from customers that were endorsed to suppliers for settlement.

Amounts Due to Related Parties

As of December 31, 2023 and 2024, the amounts due to related parties primarily represented the amounts due to Bosch. The amounts due to Bosch represented our payables to Bosch for the procurement of PCBAs and related services, and was trade in nature. As of December 31, 2025, Bosch ceased to be our related party and the relevant amounts due to Bosch was re-categorized as trade payables. See "—Trade payables" above for details. We also recorded certain amounts due to related parties which were non-trade in nature. The following table sets forth our amounts due to related parties by nature as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Amounts due to related parties (trade nature)			
Bosch[(1)]	1,424,984	1,201,322	–
Wingtech Technology Co., Ltd.	151	151	–
Weifu Smart Sensing (Wuxi) Technology Co., Ltd. ("Weifu")	–	450	–
Turing Display	–	–	793
Subtotal	1,425,135	1,201,923	793
Amounts due to related parties (non-trade nature)			
Chelian Yijia[(2)]	500	–	–
Chelian Zhijia[(3)]	17,640	17,640	9,537
Subtotal	18,140	17,640	9,537
Total	**1,443,275**	**1,219,563**	**10,330**

Notes:

(1) Represented our payables to Bosch for the procurement of PCBAs and related services. Bosch was our related party as of December 31, 2023 and 2024 and ceased to be our related party as of December 31, 2025.

(2) Chelian Yijia is one of our Employee Shareholding Platforms and a member of our Single Largest Group of Shareholders. We incurred amounts due to Chelian Yijia because we received consideration on behalf of Chelian Yijia for grant of restricted shares to our employees, and had settled such amounts as of December 31, 2023.

(3) Chelian Zhijia is one of our Employee Shareholding Platforms and a member of our Single Largest Group of Shareholders. We incurred amounts due to Chelian Zhijia because we received consideration on behalf of Chelian Zhijia for grant of restricted shares to our employees, and had settled such amounts as of January 31, 2026.

Our amounts due to related parties decreased from RMB1,443.3 million as of December 31, 2023, to RMB1,219.6 million as of December 31, 2024, primarily because we accelerated the settlement of our payables in line with industry practice. Specifically, in 2024, several leading OEMs publicly committed to shortening their payment cycles to suppliers and the China Association of Automobile Manufacturers issued an industry initiative calling on wider industry participants to promptly settle payables to suppliers. In response to these sector-wide developments, we proactively reduced our payment cycles to Bosch, which led to a corresponding decrease in our outstanding amounts due to related parties as of December 31, 2024. In addition, our amounts due to related parties as of December 31, 2023 was higher than the normal level because we ramped up our production toward the end of 2023 to ensure that we could meet the increased purchase volume from OEMs ahead of the Chinese New Year, which led to higher procurement from Bosch.

Our amounts due to related parties further decreased to RMB10.3 million as of December 31, 2025, primarily because Bosch was no longer our related party as of December 31, 2025 and the relevant amounts due to Bosch was re-categorized as trade payables. In addition, we accelerated the settlement of our amounts due to Bosch in 2025. As a result, our amounts due to Bosch decreased from RMB1,201.3 million as of December 31, 2024 (categorized as amounts due to related parties) to RMB575.2 million as of December 31, 2025 (categorized as trade payables).

The following table sets forth the aging analysis of our amounts due to related parties—trade nature based on purchase date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 90 days	1,424,984	1,201,772	793
90-180 days	–	–	–
181-365 days	–	–	–
Over 1 year	151	151	–
Total	**1,425,135**	**1,201,923**	**793**

The following table sets forth the turnover days for our amounts due to related parties—trade nature, as well as the overall turnover days for our trade-nature payables (taking into account both amounts due to related parties—trade nature and trade payables), for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Turnover days for amounts due to related parties—trade nature(1)	216	247	238(4)
Turnover days for trade payables(1)(2)	244	217	242(4)
Overall turnover days for trade-nature payables(1)(3)	218	243	239

Notes:

(1) The turnover days are calculated by dividing the average balance of relevant payables for the relevant period by the cost of revenue for the relevant year and multiplying by 365 days.

(2) See "—Trade and notes payables—Trade payables" above for details.

(3) Calculated by taking into account both amounts due to related parties—trade nature and trade payables.

(4) Bosch was our related party as of December 31, 2023 and 2024, and ceased to be our related party as of December 31, 2025. The relevant amounts due to Bosch was re-categorized as trade payables. To maintain consistency in the calculation of turnover days, amounts due to Bosch is included in the amounts due to related parties.

The turnover days for amounts due to related parties did not differ materially from those for amounts due to other third parties. Our Directors confirm that transactions with Bosch during the Track Record Period were conducted at arm's length and on normal commercial terms.

As of April 30, 2026, all of our amounts due to related parties as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent advance payment from our customers for the sales of our products. We recorded contract liabilities of RMB0.8 million, RMB3,000 and RMB0.2 million as of December 31, 2023, 2024 and 2025, respectively.

Paid-in Capital with Preferred Rights

Our paid-in capital with preferred rights is ordinary shares issued to Pre-[**REDACTED**] investors, which conferred certain preferred rights upon such Pre-[**REDACTED**] Investors. We recorded paid-in capital with preferred rights of RMB1,099.0 million, RMB1,684.7 million and nil as of December 31, 2023, 2024 and 2025, respectively. The fluctuations were associated with the issuance of new paid-in capital with preferred rights and the increase in our valuation. Paid-in capital with preferred Rights was unsecured and unguaranteed. The fair value change of the paid-in capital with preferred rights was charged to profit or loss for the year. As of December 31, 2023 and 2024, the paid-in capital with preferred rights was classified as non-current liability, as the redemption rights were not triggered. On September 30, 2025, shareholders of the paid-in capital with preferred rights agreed to terminate certain preferred rights, including the redemption right, liquidation right, anti-dilutive right and performance commitment. As a result, the paid-in capital with preferred rights was reclassified from liability to equity. See Note 32 to the Accountants' Report in Appendix I for details.

The measurement of the fair value of our paid-in capital with preferred rights involves the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs such as expected probabilities of different events which, by their nature, are subjective and uncertain. Please also see Note 39 to the Accountants' Report in Appendix I to this document for more information about the fair value measurement of the Level 3 valuations.

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios for the years/periods and as of the dates indicated:

	For the Year Ended/As of December 31,		
	2023	2024	2025
Gross profit margin (%)[(1)]	17.5	16.2	15.5
Current ratio[(2)]	0.76	0.83	0.92
Quick ratio[(3)]	0.64	0.79	0.80

Notes:

(1) Gross profit margin equals gross profit divided by revenues for the year/period and multiplied by 100%.

(2) Current ratio is calculated as total current assets divided by total current liabilities at the end of the year/period.

(3) Quick ratio is calculated as current assets less inventories divided by current liabilities at the end of the year/period.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from revenue from sales of products, bank borrowings and proceeds received from Pre-[**REDACTED**] Investments. We had cash and cash equivalents of RMB75.7 million, RMB185.5 million and RMB320.4 million as of December 31, 2023, 2024 and 2025, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of revenue from sales of products and rendering of services, funds raised from the capital markets from time to time and the [**REDACTED**] received from the [**REDACTED**].

Current Assets/Liabilities

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

	As of December 31,			As of April 30, 2026
	2023	2024	2025	
	(RMB in thousands)			*(unaudited)*
Current assets				
Inventories	315,907	110,753	254,024	348,724
Trade receivables	1,158,588	1,153,489	782,800	789,162
Notes receivables	424,232	785,378	285,472	228,509
Contract costs	64,839	4,644	46,025	31,526
Prepayments, deposits and other receivables	13,488	27,852	120,415	222,841
Amounts due from related parties	1,217	11,269	12,431	13,806
Financial assets at fair value through profit or loss	–	–	75,001	8,542
Restricted cash	33,316	111,251	12	12
Cash and cash equivalents	75,654	185,454	320,435	196,139
Total current assets	**2,087,241**	**2,390,090**	**1,896,615**	**1,839,261**
Current Liabilities				
Trade and notes payables	237,494	208,398	890,620	650,222
Borrowings	911,014	1,298,264	949,897	1,241,628
Accrued expense and other payables	165,399	162,990	203,449	181,342
Amounts due to related parties	1,443,275	1,219,563	10,330	10,902
Lease liabilities	2,136	2,696	3,361	2,242
Contract liabilities	794	3	197	12,954
Total current liabilities	**2,760,112**	**2,891,914**	**2,057,854**	**2,099,290**
Net current liabilities	**(672,871)**	**(501,824)**	**(161,239)**	**(260,029)**

Net Current Liabilities as of December 31, 2023, 2024 and 2025 and April 30, 2026

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we incurred net current liabilities of RMB672.9 million, RMB501.8 million, RMB161.2 million and RMB260.0 million, respectively. We were in a net current liabilities position as of December 31, 2023, 2024 and 2025 and April 30, 2026, primarily because we were historically loss-making. See "—Description of major components of our results of operations—Loss for the year" above and "Business—Business Sustainability and Path to Profitability—Factors Contributing to Historical Net Losses" for details. In addition, we incurred substantial short-term borrowings to support our business operations.

Please see below for a detailed analysis of the reasons for the fluctuations in our net current liabilities:

Our net current liabilities decreased from RMB672.9 million as of December 31, 2023 to RMB501.8 million as of December 31, 2024, primarily due to (i) a decrease of RMB223.7 million in amounts due to related parties, primarily because we accelerated the settlement of our payables in line with industry practice. Specifically, in 2024, several leading OEMs publicly committed to shortening their payment cycles to suppliers and the China Association of Automobile Manufacturers issued an industry initiative calling on wider industry participants to promptly settle payables to suppliers. See "—Discussion of Certain Key Items of Consolidated Statements of Financial Positions—Amounts due to Related Parties" above for details; (ii) an increase of RMB361.1 million in notes receivables, which was primarily due to the increase in sales to certain OEM customers during the relevant years, where the notes were the main settlement method; and (iii) an increase of RMB109.8 million in cash and cash equivalents, which was primarily attributable to the proceeds from our Series D financing and increases in bank borrowings, partially offset by (i) an increase of RMB387.3 million in borrowing in line with our increased financing activities and (ii) a decrease of RMB205.2 million in inventories, because we ramped up our production toward the end of 2023 to ensure that we could meet the increased purchase volume from OEMs ahead of the Chinese New Year, leading to higher inventory levels in 2023.

Our net current liabilities decreased from RMB501.8 million as of December 31, 2024 to RMB161.2 million as of December 31, 2025, primarily due to (i) a decrease of RMB626.1 million of our amounts due to Bosch from RMB1,201.3 million as of December 31, 2024 (categorized as amounts due to related parties) to RMB575.2 million as of December 31, 2025 (categorized as trade payables), reflecting that we accelerated the settlement of our payables to Bosch; (ii) a decrease in borrowings (current portion) of RMB348.4 million as we optimized our capital structure; and (iii) an increase of RMB135.0 million in cash and cash equivalents as we obtained proceeds from Pre-[**REDACTED**] financing of RMB570.0 million.

Our net current liabilities increased from RMB161.2 million as of December 31, 2025 to RMB260.0 million as of April 30, 2026, primarily due to (i) an increase of RMB291.7 million in borrowings (current portion) as we increased our bank borrowings to expand our business; (ii) a decrease of RMB124.3 million in cash and cash equivalents primarily due to settlement of trade payables arising from procurement of raw materials and components; (iii) a decrease of RMB66.5 million in financial assets at FVTPL due to redemption of certain short-term wealth management products, partially offset by a decrease of RMB240.4 million in trade and notes payables due to the settlement for payables arising from procurement as disclosed above.

Net Liabilities as of December 31, 2023 and 2024 and Net Assets as of December 31, 2025

As of December 31, 2023 and 2024, we incurred net liabilities of RMB1,672.7 million and RMB1,925.8 million, respectively. As of December 31, 2025, we recorded net assets of RMB182.1 million as of December 31, 2025. In addition to the reasons described above for our net current liabilities position, we were also in a net liabilities position as of December 31, 2023 and 2024 because we recognized significant amounts of paid-in capital with preferred rights of RMB1,099.0 million and RMB1,684.7 million, respectively. Excluding the impact of paid-in capital with preferred rights, our net liabilities as of December 31, 2023 and 2024 would have been RMB573.7 million and RMB241.1 million, respectively.

Please see below for a detailed analysis of the reasons for the fluctuations in our net assets/liabilities:

Our net liabilities increased from RMB1,672.7 million as of December 31, 2023 to RMB1,925.8 million as of December 31, 2024, primarily due to an increase of RMB585.7 million in paid-in capital with preferred rights. Excluding the impact of paid-in capital with preferred rights, our net liabilities would have decreased from RMB573.7 million as of December 31, 2023 to RMB241.1 million as of December 31, 2024, which was primarily attributable to: (i) a decrease of RMB223.7 million in amounts due to related parties, primarily because we accelerated the settlement of our payables in line with industry practice; (ii) an increase of RMB361.1 million in notes receivables, which was primarily due to the increase in sales to certain OEM customers during the relevant years, where the notes were the main settlement method; and (iii) an increase of RMB109.8 million in cash and cash equivalents, which was primarily attributable to the proceeds from our Series D financing and increases in bank borrowings.

Our net position improved significantly, turning from net liabilities of RMB1,925.8 million as of December 31, 2024 to net assets of RMB182.1 million as of December 31, 2025, primarily due to: (i) a decrease of RMB1,684.7 million in paid-in capital with preferred rights resulting from the termination of such preferred rights on September 30, 2025. Paid-in capital with preferred rights were subsequently converted from liabilities to equity; (ii) an increase of RMB135.0 million in cash and cash equivalents as we obtained proceeds from Pre-[**REDACTED**] financing of RMB570.0 million.

Cash Flows

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

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Operating cash flows before changes in working capital	(37,545)	(12,301)	(99,012)
Changes in working capital	(660,172)	(999,982)	(774,507)
Interest received	747	1,224	1,366
Net cash used in operating activities	(696,970)	(1,011,059)	(872,153)
Net cash (used in)/generated from investing activities	(108,517)	(200,175)	(251,493)
Net cash generated from financing activities	836,474	1,321,034	1,258,627
Net increase/(decrease) in cash and cash equivalents	**30,987**	**109,800**	**134,981**
Cash and cash equivalents at the beginning of the year/period	44,667	75,654	185,454
Cash and cash equivalents at the end of year/period	**75,654**	**185,454**	**320,435**

Net Cash Used in Operating Activities

For the year ended December 31, 2023, 2024 and 2025, we incurred net cash used in operating activities of RMB697.0 million, RMB1,011.1 million and RMB872.2 million, respectively. Such an operating cash outflow was mainly due to our net losses throughout the Track Record Period. See "—Description of major components of our results of operations—Loss for the Year" above and "Business—Business Sustainability and Path to Profitability—Factors Contributing to Historical Net Losses" for details.

In addition, our operating cash outflow position was also attributable to the significant amount of notes receivable we received. As of December 31, 2023, 2024 and 2025, we recorded notes receivables of RMB424.2 million, RMB785.4 million and RMB285.5 million, respectively. To proactively manage our capital resources and cash flows, we transferred certain of our notes receivables to banks for cash (*i.e.* discounting) or to our suppliers as payment (*i.e.* endorsing) on a full recourse basis. See note 22 to the Accountants' Report set out in Appendix I in this document for details. These discounting and endorsing arrangements were undertaken solely as part of our financing activities to enhance our working capital and were not related to our operating activities. The table below demonstrates our net cash used in/generated from operating activities and financing activities after excluding the impact of settlements of notes receivables.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(696,970)	(1,011,059)	(872,153)
Add: net settlement of notes receivables discounted to banks	535,884	664,977	274,126
Net cash (used in)/generated from operating activities excluding net settlement of notes discounted to banks	**(161,086)**	**(346,082)**	**(598,027)**
Net cash used in/generated from financing activities	836,474	1,321,034	1,258,627
Minus: net settlement of notes receivables discounted to banks	535,884	664,977	274,126
Net cash (used in)/generated from financing activities excluding net settlement of notes discounted to banks	**300,590**	**656,057**	**984,501**

Please see below for a detailed analysis of the reasons for the fluctuations in our net cash used in operating activities during each year of the Track Record Period:

For the year ended December 31, 2023, our net cash used in operating activities was RMB697.0 million. Excluding the impact of the settlement of notes receivables, our net cash used in operating activities would have been RMB161.1 million for this year. Our loss before tax was RMB201.2 million for the same period. The difference between our loss before tax and our net cash used in operating activities was primarily attributable to certain non-operating items, primarily including (i) fair value change of the paid-in capital with preferred rights of RMB92.4 million, which was primarily associated with the increase in our valuation; (ii) depreciation of property, plant and equipment of RMB16.2 million, which was attributable to the depreciation of our properties and equipment, and (iii) finance costs of RMB31.2 million, which represented interests on lease liabilities and interests on bank borrowings; and changes in certain working capital items, primarily including (i) an increase in trade receivables of RMB1,011.4 million, which was in line with the significant increase in the sales volume of our vehicle computing solutions, (ii) an increase in notes receivables of RMB406.3 million, which was primarily due to the increase in sales to certain OEM customers, where the notes were the main settlement method, and (iii) an increase in inventories of RMB188.6 million as we ramped up our production toward the end of 2023, partially offset by an increase in amount due to related parties of RMB823.7 million, as we accelerated the settlement of such payables in line with industry practice.

For the year ended December 31, 2024, our net cash used in operating activities was RMB1,011.1 million. Excluding the impact of the settlement of notes receivables, our net cash used in operating activities would have been RMB346.1 million for this year. Our loss before tax was RMB253.1 million for the same period. The difference between our loss before tax and our net cash used in operating activities was primarily attributable to certain non-operating items, primarily including (i) fair value change of the paid-in capital with preferred rights of RMB157.8 million, which was primarily associated with the increase in our valuation; (ii) depreciation of property, plant and equipment of RMB27.5 million, which was attributable to the depreciation of our properties and equipment; and (iii) finance costs of RMB33.0 million, which represented interests on lease liabilities and interests on bank borrowings; and changes in certain working capital items, primarily including (i) an increase in notes receivables of RMB752.1 million, which was primarily due to the increase in sales to certain OEM customers, where the notes were the main settlement method and (ii) a decrease in amount due to related parties of RMB223.7 million, as we accelerated the settlement of such payables in line with industry practice, partially offset by a decrease in inventories of RMB205.9 million, as we did not ramp up our production towards the end of 2024 as we did in the previous year.

For the year ended December 31, 2025, our net cash used in operating activities was RMB872.2 million. Excluding the impact of the settlement of notes receivables, our net cash used in operating activities would have been RMB598.0 million for this year. Our loss before tax was RMB637.8 million for the same year. The difference between our loss before tax and our net cash used in operating activities was primarily attributable to certain non-operating items, primarily including (i) depreciation of property, plant and equipment of RMB27.8 million and (ii) gain on fair value change of the paid-in capital with preferred rights of RMB429.0 million, which was primarily associated with the increase in our valuation and changes in certain working capital items, primarily including (i) an increase of RMB425.7 million in notes receivables and (ii) a decrease of RMB1,210.0 million in amount due to related parties because Bosch ceased to be our related party and the relevant amount was re-categorized under trade payables, partially offset by (i) an increase of RMB756.9 million in trade payable.

We plan to enhance our cash flow position and manage any liquidity risks through a combination of cost discipline, growth initiatives and prudent financial management:

- First, we will diversify our revenue sources and increase economies of scale. We will continue to invest in the research and development as well as the sales and marketing of our new products, namely SA8225, MT8675 and MT8676 domain controllers, SA8775 controllers and zone controllers. Specifically, we obtained design-wins for various products, demonstrating that they are becoming increasingly significant contributors to our revenue mix and key drivers of our long-term growth. See "Summary—Recent Development" for details;

- Second, we will strengthen cost control and improve efficiency across our operations. This includes negotiating more favorable pricing with key suppliers, optimizing production planning and implementing targeted cost reduction initiatives for specific product platforms and projects. In addition, we aim to reinforce project cost management and accelerate cash conversion from contracts. By refining project budgeting, aligning delivery and billing milestones and closely tracking execution costs, we seek to narrow the gap between accounting profit and cash generation and improve overall project returns;

- Third, we will expand and optimize our funding sources. In addition to cash generated from operations, we will continue to work with various financial institutions to secure and maintain substantial credit lines, which provide us with flexibility to respond to changes in order intake, customer payment patterns and market conditions. In particular, we will increase the proportion of medium- to long-term borrowings and optimize our capital structure so that funding tenor better matches our project cash flow profile; and

- Fourth, we will monitor our working capital on a regular basis to enable timely operational adjustments. We will continue to review the aging and balances of receivables and payables as well as inventory levels on a monthly basis and, based on these trends, refine our procurement pace, production schedules and sales strategies.

Net Cash (Used in)/Generated from Investing Activities

For the year ended December 31, 2023, our net cash used in investing activities was RMB108.5 million, primarily due to purchase of property, plant and equipment of RMB77.4 million, partially offset by proceeds from disposals of property, plant and equipment of RMB2.0 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB200.2 million, primarily due to (i) purchase of financial assets at FVTPL of RMB1,342.6 million, and (ii) placement of restricted cash of RMB110.0 million, partially offset by proceed on disposal of financial assets at FVTPL of RMB1,343.3 million.

For the year ended December 31, 2025, our net cash used in investing activities was RMB251.5 million, primarily due to purchase of financial assets at FVTPL of RMB5,001.2 million, partially offset by proceeds on disposal of financial assets at FVTPL of RMB4,929.8 million.

Net Cash Generated from Financing Activities

For the year ended December 31, 2023, our net cash generated from financing activities was RMB836.5 million, primarily due to proceeds from borrowings of RMB1,271.2 million, partially offset by repayment of borrowings of RMB455.7 million.

For the year ended December 31, 2024, our net cash generated from financing activities was RMB1,321.0 million, primarily due to proceeds from issuance of paid-in capital with preferred rights of RMB427.9 million and proceeds from borrowings of RMB1,805.3 million, partially offset by repayment of bank borrowings of RMB877.3 million.

For the year ended December 31, 2025, our net cash generated from financing activities was RMB1,258.6 million, primarily due to proceeds from issuance of share capital of RMB570.0 million and proceeds from borrowings of RMB1,799.9 million, partially offset by repayment of borrowings of RMB1,082.3 million.

INDEBTEDNESS

	As of December 31,			As of April 30, 2026
	2023	2024	2025	
				(unaudited)
	(RMB in thousands)			
Current liabilities				
Borrowings	911,014	1,298,264	949,897	1,241,628
Lease liabilities	2,136	2,696	3,361	2,242
Amounts due to related parties (non-trade nature)	18,140	17,640	9,537	10,902
Non-current liabilities				
Borrowings	69,208	–	200,000	200,000
Lease liabilities	4,274	2,092	8,778	7,673
Paid-in capital with preferred rights	1,099,021	1,684,695	–	–
Total indebtedness	**2,103,793**	**3,005,387**	**1,171,573**	**1,462,445**

Borrowings

Our borrowings were primarily used to finance our increased working capital requirements driven by our business expansion during the Track Record Period. As of April 30, 2026, we had committed unutilized bank facilities of RMB510.0 million. The followings table sets forth our bank borrowings as of the dates indicated:

	As of December 31,			As of April 30, 2026
	2023	2024	2025	*(unaudited)*
	(RMB in thousands)			
Borrowings				
Bank borrowings – unsecured and unguaranteed	–	150,044	–	200,000
Bank borrowings – secured	431,828	771,848	200,000	200,000
Bank borrowings – guaranteed	394,113	376,372	949,897	1,041,628
Other borrowings	154,281	–	–	–
Total borrowings	**980,222**	**1,298,264**	**1,149,897**	**1,441,628**

Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our offices and production facilities. As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had a total of current and non-current lease liabilities of RMB6.4 million, RMB4.8 million, RMB12.1 million and RMB9.9 million. The fluctuations in our lease liabilities during the Track Record Period were attributable to our lease of offices and production facilities to support our business expansion and the expiration of such leases. Lease liabilities is unsecured and unguaranteed.

Indebtedness Statement

During the Track Record Period and as of the Latest Practicable Date, none of our creditors of the indebtedness described above had claimed default against us to the best of our knowledge. Our Directors also confirm that we did not experience difficulty in obtaining borrowings, default in payment on borrowings, payables to related parties, lessors, financial institutions or investors during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, 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 as of April 30, 2026.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there had not been any material change in the contingent liabilities of our Company since April 30, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures in 2023, 2024 and 2025 were RMB77.4 million, RMB66.4 million and RMB35.0 million, respectively, primarily represented purchase of property, plant and equipment. We intend to fund our future capital expenditures with our existing cash balance, revenue from sales of products, bank borrowings and [**REDACTED**] from the [**REDACTED**]. See the section headed "Future Plans and Use of [**REDACTED**]" for more details. We may reallocate the fund to be utilized on capital expenditures based on our ongoing business needs.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2023, 2024 and 2025, we had capital commitments contracted, but not yet provided, of RMB11.8 million, RMB129.0 million and RMB83.6 million, respectively. Such capital commitments reflected the capital expenditure we contracted for but not provided on acquisition of long-term assets.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

Our amounts due to related parties (trade nature) as of December 31, 2023 and 2024 primarily represented our payables to Bosch, which was our related party as of December 31, 2023 and 2024 and ceased to be our related party as of December 31, 2025. See "Discussion of Certain Key Items of Consolidated Statements of Financial Position—Amounts Due to Related Parties." We also incurred amounts due to related parties (non-trade nature). We recorded amounts due to Chelian Zhijia (one of our Employee Shareholding Platforms and a member of our Single Largest Group of Shareholders) of RMB17.6 million, RMB17.6 million and RMB9.5 million as of December 31, 2023, 2024 and 2025. We received consideration on behalf of Chelian Zhijia for grant of restricted shares to our employees, and had settled such amounts as of January 31, 2026. See note 42 to the Accountants' Report set out in Appendix I in this document for details. In addition, as of December 31, 2025, RMB949.9 million of our bank borrowings were guaranteed by Mr. Yang, and we expect to settle such amounts before Listing. See note 30 to the Accountants' Report set out in Appendix I in this document for details. Our Directors confirm that each of these related party transactions were entered into in our ordinary course of business and conducted at arm's length with normal commercial terms.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks including credit risk and liquidity risk in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details of the risks to which we are exposed, see note 3 to the Accountants' Report set out in Appendix I in this document.

DIVIDENDS

We did not declare or pay dividends on our Shares during and after the Track Record Period. We do not have any formal dividend policy or pre-determined dividend payout ratio. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Adviser, our Company may not declare and pay dividends before making up for the accumulated losses and setting aside the required reserve fund in accordance with the PRC laws and regulations. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

WORKING CAPITAL CONFIRMATION

We had negative operating cash flow of RMB697.0 million, RMB1,011.1 million and RMB872.2 million in 2023, 2024 and 2025, respectively. Negative operating cash flows may pose certain risks for our operations, including risks related to our working capital sufficiency. See "Risk Factors—Risks Relating to Our Business and Industry—We incurred net loss and net operating cash outflows during the Track Record Period."

We plan to adopt various measures to increase profitability. See "Business—Business Sustainability and Path to Profitability." Despite that we recorded operating cash outflow during the Track Record Period, we further replenished our working capital through bank borrowings and Pre-[**REDACTED**] financing after the Track Record Period. Taking into account the financial resources available to us, including our cash and cash equivalents on hand, unutilized bank facilities, internally generated funds and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables and borrowings, or breaches of covenants for the borrowings during the Track Record Period and up to the date of the document. After making reasonable inquiries of our management about our working capital, nothing material has come to the attention of the Joint Sponsors that would cast doubt on the views of our Directors.

DISTRIBUTABLE RESERVES

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED TANGIBLE ASSETS

See Unaudited [**REDACTED**] Financial Information in Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed in "Summary—Recent Developments," 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 condensed consolidated financial statements 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 and the condensed consolidated financial statements 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.