OVERVIEW

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total GMV, according to Frost & Sullivan. We operate an extensive network of smart retail cabinets that offer consumers a seamless grab-and-go shopping experience across a wide variety of products, mainly food and beverages. Powered by our algorithm-driven autonomous operations, which we continuously improve with extensive operational data, we have achieved scalable, networked operations spanning over 100 retail scenarios.

We are a pioneer in applying multi-modal recognition technology to offline retail. In 2019, working with hardware manufacturers, we developed smart retail cabinets at only approximately 30% of the cost of traditional vending machines, according to Frost & Sullivan, solving their inherent shortcomings, such as mechanical jams, slow transactions, no real-time inventory tracking, and costly maintenance. Our cabinets use built-in computer vision to capture localized video clips of what customers pick up in real time, and cloud-based recognition technology to automatically identify selected items. This creates a seamless "scan to open, automatic checkout upon closing" experience that has since become the industry standard.

In 2019, we became the first operator in the industry to deploy smart retail cabinets at scale, according to Frost & Sullivan. As of December 31, 2025, we directly operated over 180,000 smart retail cabinets across 72 cities nationwide, serving more than 80 million cumulative end consumers. As smart retail cabinets achieve greater density and penetrate consumers' daily routines at scale, they are progressively transitioning from a supplementary retail channel into an integral layer of offline retail infrastructure, unlocking vast market potential.

Our Business Model

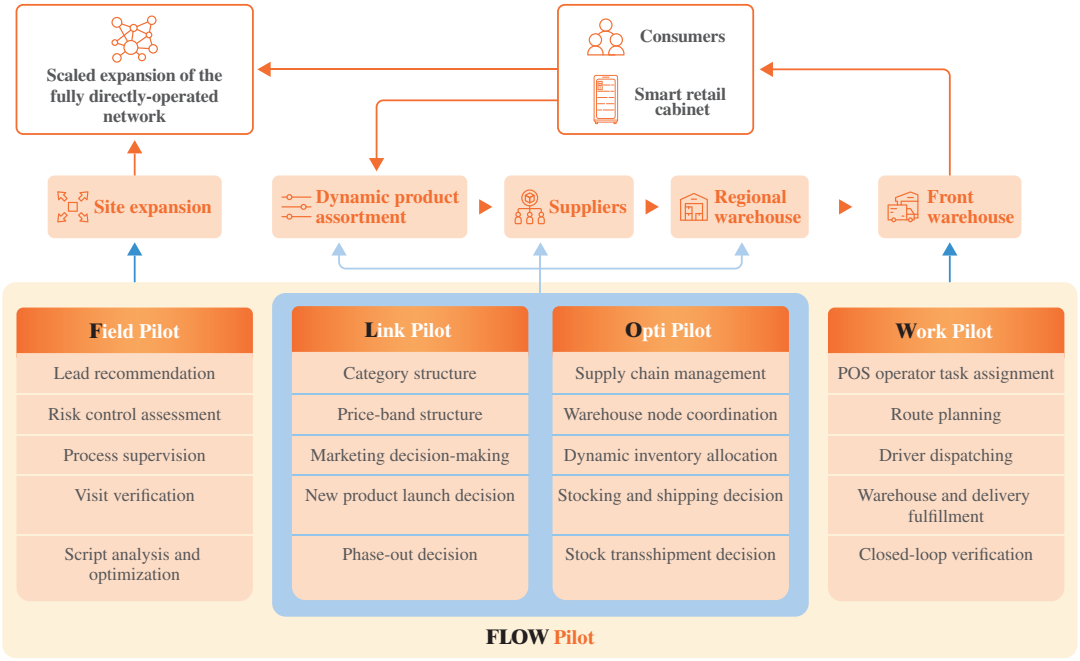
We focus on serving light-traffic scenarios that traditional retail channels cannot economically reach. We call them "capillary-level" light-traffic scenarios because they are small, widespread and dispersed points of consumer access, much like capillaries in the body's circulatory system. In 2025, the average number of monthly active consumers per cabinet was 37.3. Using our proprietary algorithms and directly-operated site development capabilities, we have expanded smart retail cabinets across more than 100 retail scenarios — spanning workspace, commercial venues, logistics and warehousing facilities, leisure and entertainment venues and public services and education — giving consumers a convenient, intelligent, and instant "one minute, steps away" shopping experience within easy reach of where they live and work. During the Track Record Period, approximately 99% of our revenue was derived from sales of products to end consumers through our smart retail cabinets. By making smart retail more accessible and efficient, we serve consumer demand across a wide range of scenarios, creating value for consumers, site partners and brand partners alike.

Our Operational Model

To support our business model focused on light-traffic scenarios, we have built an operating model around three pillars: algorithm-driven autonomous decision-making, a distributed network and direct operations. We have developed a large-scale, high-density and interconnected distributed network to manage the complexity of operating our POSs. Managing a network of this size requires automated systems — the sheer volume and precision of decisions involved, covering inventory replenishment, product assortment, pricing, and logistics across hundreds of thousands of sites, is beyond what human planning alone can reliably deliver. Continuously improving our algorithms depends on high-quality, real-time data from across our network; strictly carrying out algorithm-generated instructions at each site requires end-to-end operational control. Both requirements make a directly-operated model essential. Together, our focus on light-traffic scenarios, algorithm-driven decision-making, distributed network and direct operations form a self-reinforcing foundation that has helped us build competitive advantages and deliver profitable growth.

Proprietary Algorithm-Driven Autonomous Operation

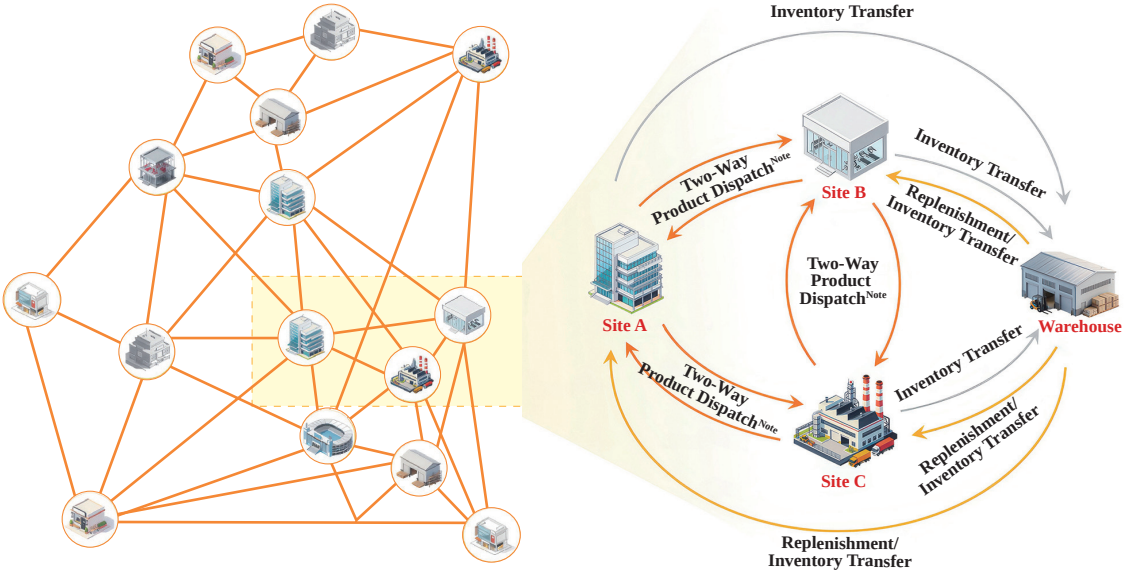
We are the first and only smart retail cabinet operator in China that has achieved autonomous operations powered by proprietary algorithms, according to Frost & Sullivan. We began automating our end-to-end operations using proprietary algorithms in 2022, and by 2024, we had developed our FLOW Pilot agent system — a proprietary algorithm-driven business system with autonomous decision-making and continuous self-improvement capabilities. During the Track Record Period, our average annual R&D expenses exceeded RMB60 million, significantly above all industry peers, according to Frost & Sullivan. The FLOW Pilot is the operational backbone of our business. It makes decisions autonomously across our network in the vast majority of operating environments, effectively replacing a significant portion of human judgment in key areas such as site expansion, consumer service, supply chain and inventory management, and fulfillment. In the fourth quarter of 2025, of the nearly 120 million decisions FLOW Pilot made on a daily basis, only approximately 20,000 required human intervention — a scale and precision of decision-making that human judgment cannot match. The operational data generated through this process continuously feeds back into our algorithms, creating a self-reinforcing cycle that steadily improves our operational efficiency and allows us to serve consumer demand across an expanding range of scenarios. With our adoption of FLOW Pilot, the average number of POSs managed per operational management personnel increased from 303 in 2023 to 390 in 2024, and further to 504 in 2025 — a 66% increase over the two-year period. The diagram below sets forth our algorithm-driven autonomous operation based on the FLOW pilot:



Our Distributed Network

Leveraging our algorithm-driven autonomous operations, we have established a fully directly-operated, high-density distributed network. Our high-density network layout shortens delivery distances, significantly improves restocking efficiency, and reduces operating costs and expenses as a whole.

As shown in the diagram below, unlike the one-way supply chains of traditional retail enterprises, product dispatching across sites in our distributed network is multi-directional and encompasses restocking, emergency replenishment, transshipment of slow-moving products, and temporary inventory staging — all of which are autonomously analyzed, decided, and coordinated by our algorithms, virtually without human intervention. Simultaneously, each POS within our network serves not just as a point of sale, but also as a node for data collection, temporary storage, and product movement. This allows products to be transferred directly among cabinets, creating an interconnected network. The system is powered by two proprietary AI agents: Opti Pilot, which makes supply chain decisions — including placing restocking orders based on forecasts of demand at each node and recalling slow-moving items to optimize stock allocation; and Work Pilot, which makes dispatching decisions based on the planning of Opti Pilot, including generating network-wide replenishment, inward and outward transfers, and warehouse returns tasks, incorporating them into optimized routes.



Distributed Network Operation System

Products and inventory achieve dynamic, multi-directional flow within the network

Note:

The two-way dispatch of products between nodes includes multiple scenarios such as replenishment (planned or emergency replenishment), redistribution of stranded products, and temporary inventory storage; all are autonomously analyzed and decided by the algorithm.

This distributed, networked supply chain system gives us a core competitive advantage that is difficult for others to replicate. By managing inventory centrally across all POSs, we have significantly improved stock security at high-traffic sites when demand fluctuates, while at the same time resolving turnover and shelf-life issues at low-traffic sites. Network-based product dispatching also makes our supply chain more resilient and flexible, which is critical to our niche product strategy and frequent product refresh approach in light-traffic scenarios. Through unified task planning, we can use our network density and the diversity of our locations to meaningfully cut delivery times and logistics costs. Finally, our algorithm-driven autonomous decision-making is built to improve over time — through continuous feedback loops and autonomous learning, the system continuously improves, strengthening our long-term competitive position.

Through our autonomous decision-making algorithms and distributed network, we have continuously lowered the operating threshold for smart retail cabinets. For POSs with monthly sales below RMB2,000 per cabinet, geographical constraints, low population density, or underdeveloped commercial infrastructure render these sites uneconomical for traditional retail and online instant delivery services. According to Frost & Sullivan, most competing retail cabinet operators similarly struggle to achieve profitability in such light-traffic

scenarios and have elected not to enter this segment, leaving significant unserved demand. In 2025, we operated at average monthly sales of approximately RMB1,200 per cabinet and could achieve POS-level breakeven at as low as approximately RMB300 in monthly sales — approximately one transaction per day — enabling us to serve light-traffic scenarios that other retail models cannot economically serve, fulfilling consumers' instant shopping needs in these locations and enhancing consumer experience.

Our Market Opportunities and Financial Performance

According to Frost & Sullivan, the total number of smart retail cabinets in Chinese Mainland reached 855.3 thousand units in 2025 and is expected to reach 3,506.6 thousand units by 2030. The light-traffic scenario segment is expected to grow from 424.4 thousand units in 2025 to 2,296.7 thousand units by 2030, representing a CAGR of 40.2%, which is higher than that of high-traffic scenarios, with its share of total smart retail cabinets projected to increase significantly.

During the Track Record Period, we achieved revenue growth with improved cost efficiency and profitability. Revenue grew from RMB1,243.7 million in 2023 to RMB1,652.3 million in 2024 and further to RMB2,008.9 million in 2025, representing a CAGR of 27.1%. Our gross profit margin expanded from 52.4% in 2023 to 54.0% in 2024 and further to 55.8% in 2025. Our adjusted EBITDA (non-IFRS measures) was RMB56.5 million, RMB140.7 million, and RMB191.4 million in 2023, 2024, and 2025, respectively, and our adjusted net profit (non-IFRS measures) reached RMB118.6 million in 2025. We achieved positive operating cash flow in each period.

OUR STRENGTHS

China's largest smart retail cabinet operator, with a fully directly-operated model that has achieved profitability at scale

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total GMV, according to Frost & Sullivan. As of December 31, 2025, we had deployed over 180,000 smart retail cabinets across 72 cities nationwide. In 2025, we recorded adjusted net profit (non-IFRS measures) of RMB118.6 million and achieved GMV exceeding RMB2.34 billion and revenue exceeding RMB2.0 billion, becoming the first company in the smart retail cabinet sector to achieve sustained profitability at scale, according to Frost & Sullivan.

Our profitability at scale is built on a fully directly-operated model that sets us apart from the rest of the industry, which relies heavily on franchises, partnerships, and bidding and procurement processes. Our dedicated sales team supports our full control over network expansion, and our proprietary algorithm-enhanced development and operational capabilities support strategic growth. During the Track Record Period, our smart retail cabinet count grew from 106,197 as of December 31, 2023 to 183,989 as of December 31, 2025, with a CAGR of approximately 30%.

This rapid, high-quality growth has created scale advantages that are hard to replicate. Our cabinet density allows us to cover consumers' entire daily routines, building strong brand recognition as a convenient option for instant purchases and increasingly becoming their preferred choice. At the procurement level, our scale affords us significant bargaining power with suppliers, therefore reducing procurement costs. Operationally, by coordinating the flow of goods and data across our POS network, we have developed a distinctive distributed network operating model that improves supply chain efficiency and lowers per-site operating thresholds. The operational data we accumulate also drives continuous improvement of our algorithms, further optimizing cost efficiency and giving brand partners precise, actionable insight into consumer demand. Together, these mutually-reinforcing advantages — network density, procurement leverage, operational efficiency, and algorithmic optimization — form a virtuous cycle that has allowed us to achieve and sustain profitability at a scale unmatched by any other operator in the industry.

According to Frost & Sullivan, the total number of smart retail cabinets in Chinese Mainland was 855.3 thousand units in 2025 and is expected to reach 3,506.6 thousand units by 2030. With our first-mover advantage and scale effects, we have achieved a leading position across key metrics — including market share, site density, and profitability — putting us in a strong position to benefit from this rapid industry growth.

Pioneer and leader in smart retail cabinets deployment, delivering a highly intelligent and convenient consumer experience

In 2019, we were the first in the industry to work with hardware manufacturers to develop smart retail cabinets at approximately 30% of the cost of traditional vending machines, and to achieve their large-scale deployment, leading the industry by three to four years, according to Frost & Sullivan. By applying multi-modal recognition technology — using built-in cameras to identify consumers' shopping actions and cloud-based recognition for high-precision order identification — we created a seamless "scan to open, automatic checkout upon closing" grab-and-go experience that has since become the industry standard. This approach resolves the key shortcomings of traditional vending equipment, such as mechanical jams, slow transactions, no real-time inventory tracking, and costly maintenance.

As the industry's first mover and operator of the largest smart retail cabinet network in China, we have built up extensive operational data and industry expertise, which drives continuous improvement of our technology. Through ongoing training using hundreds of millions of order records and video data, we had fewer than six customer service incidents out of every 10,000 orders in 2025. For operations and maintenance, we have built the Nebula IoT platform, capable of managing over one million devices. This platform enables real-time, remote management of our entire fleet of over 180,000 smart retail cabinets — covering automated quality inspection before shipment, intelligent health checks during installation, anomaly monitoring and alerts during operations, and automated work order management. This closed-loop system keeps the network stable and scalable while significantly cutting daily maintenance and upgrade costs.

Our smart retail cabinet network covers over 100 retail scenarios, spanning workspace, commercial venues, logistics and warehousing facilities, leisure and entertainment venues and public services and education. We focus on the "one minute, steps away" shopping experience, deploying at high density within regions so consumers can always find us nearby and meet their everyday instant needs. To match varying consumer preferences across retail scenarios, we use algorithm-driven analysis of transaction data and ongoing dynamic adjustments to ensure our product mix fits consumer demand at each specific location, creating a tailored assortment for every cabinet. During the Track Record Period, each smart retail cabinet carried approximately 46 stock keeping units ("**SKUs**") on average, with 13-15% of SKUs refreshed monthly based on sales performance. We continuously introduce new products to create a "treasure-hunt" experience that drives repeat visits. This has built a high-frequency, loyal consumer base that supports sustained business growth. In 2025, our average monthly purchase frequency was three times per person, with an average repeat purchase rate of approximately 46.7% in 2025, which according to Frost & Sullivan, is above the industry average.

Industry-leading proprietary algorithms driving end-to-end automated operation with optimal decision-making and efficient management

Built on sustained investment in technology R&D, we have developed FLOW Pilot, an industry-leading proprietary autonomous decision-making system with continuous self-improvement capabilities. At its core is a decision-making engine that combines deep learning, operations research optimization, robust decision theory, and real-time stream computing. Our algorithm-based approach reduces reliance on individual judgment, cuts common human errors such as omissions and biases, and delivers a standardized, high-precision decision-making process at scale. This is paired with a computing infrastructure built for large-scale smart retail cabinet networks, capable of handling hundreds of millions of decisions per day and achieving a closed loop from data collection through computation, decision-making, and feedback. Through this end-to-end automated

operation, we maintain consistent service and operational efficiency while scaling rapidly: from 2023 to 2025, our cabinet count increased by 73.3% while operational management headcount remained relatively stable, with the average number of cabinets managed per person rising from 303 to 504 — a 66% increase over the two-year period.

FLOW Pilot operates through four interconnected AI agents that together cover our full business cycle. Field Pilot drives network expansion by aggregating regional, site, and partner data to support intelligent lead recommendations, site risk assessments, and standardized inspections. Link Pilot manages product operations, using demand sensing, transaction history, and consumer feedback to optimize product selection and assortment at the individual POS level. Opti Pilot controls supply chain and inventory, coordinating dynamic stock allocation across our warehouses and smart retail cabinets to maximize turnover efficiency and reduce shrinkage. Work Pilot handles fulfillment execution, orchestrating task allocation, route planning, driver dispatching, and closed-loop validation for all replenishment and transshipment operations. Together, these four agents form a full-link decision loop — spanning market expansion, product operations, supply chain management, and fulfillment — that drives the automation and operational efficiency of our network.

In the fourth quarter of 2025, of the nearly 120 million decisions the FLOW Pilot made on a daily basis, only approximately 20,000 required human intervention — a scale and precision of decision-making that human judgment cannot match. The operational data built up through this process drives continuous improvement of our algorithms, creating a powerful self-reinforcing cycle. We have an R&D team of over 100 professionals, of whom AI, algorithms and data research specialists account for more than 25%. During the Track Record Period, our average annual R&D expenses exceeded RMB60 million, significantly above all industry peers, according to Frost & Sullivan.

Strong site development capabilities that form our competitive edge in expansion

We have assembled a highly professional and efficient business development team, empowered by our site development agent, Field Pilot. Field Pilot aggregates multi-dimensional data — including regional scenario mapping, site conditions, and partner qualifications — to provide our sales representatives with intelligent lead recommendations, site risk assessments, and optimized visit routes. Field Pilot also provides real-time monitoring of key performance metrics such as visit frequency and conversion rates, automatically identifying skill gaps and delivering targeted coaching recommendations. The combined strength of our team scale and technology enablement makes us the only operator in the industry with a "thousand-person team achieving hundred-thousand-level site expansion", according to Frost & Sullivan — a capability that sets us apart from competitors who rely heavily on partner-based models or costly bidding and procurement processes. This also allows us to manage the natural lifecycle fluctuations of our site network, creating competitive barriers that are hard to replicate and supporting the continued rapid growth of our network.

Our business development team conducts extensive on-site prospecting and site acquisition across 72 cities nationwide. In 2025, we recorded 3.7 million site visits and completed over 130,000 new cabinet installations, representing year-on-year growth of approximately 30% in site development. While our total development volume increased by approximately 60% compared to 2023, the average monthly development volume per front-line sales representative rose from 6.7 to 7.5 units, demonstrating both our site development efficiency and significant market potential. Our large-scale POS network, intelligent agent tools, and low deployment threshold together provide strong support for continued expansion.

As we are the only operator of smart retail cabinets in the majority of our sites, we benefit from materially lower site costs. In 2025, our site costs were far below the industry average, according to Frost & Sullivan.

Efficient distributed network operating model that significantly lowers site-level sales thresholds and unlocks substantial growth markets

Moving beyond traditional supply chain models, we have built a distributed network in which each smart retail cabinet serves not only as a point of sale but also as a node for data collection, temporary storage, and product circulation. Products and inventory flow dynamically and in multiple directions across the network, with flexible allocation among nodes within each region based on real-time demand. In 2025, inventory cleared through transshipment in light-traffic scenarios accounted for 22% of total sales. Moreover, in the same year, for every 100 cabinets visited by POS operators for replenishment, our algorithm assigns an additional 55 transshipment tasks among those visits — without generating additional routes. This interconnected model enables network-wide sharing of inventory and capacity, significantly improving resource allocation responsiveness, reducing shrinkage and supporting new product launches. Backed by our network-wide product and information flow, we maintain stable cabinet operations even in light-traffic scenarios and improve supply chain resilience. The system also lowers the breakeven point of individual cabinets, further improving profitability and achieving economies of scale.

Under this distributed network operating model, we give our POS operators intelligent tools covering the entire operational workflow — including capacity monitoring, route planning, inventory counting, restocking, transshipping, supervision, and verification. For restocking, our intelligent assistant provides real-time voice instructions, reminders, and workflow monitoring, significantly improving operational standardization and execution consistency. In 2025, each of our POS operators currently manages an average of approximately 115 sites — approximately two times the industry average per person. Under our standardized operating procedures, shrinkage is controlled at approximately 1%, well below the industry average of 5%, according to Frost & Sullivan.

Through algorithm-driven operational support and the significantly improved supply chain resilience of our distributed network operating model, our operating costs are well below industry levels. In 2025, we operated at average monthly sales of RMB1,200 per cabinet and could achieve POS-level breakeven at as low as RMB300 in monthly sales — approximately one transaction per day. This unlocks substantial incremental market opportunities, supports our long-term scalable expansion, allows us to avoid competing for established high-traffic sites, and preserves our cost advantage and profit stability.

Experienced management team combining operational excellence with deep technical expertise

We are led by an experienced, technology-driven management team committed to long-term value creation, with diverse and complementary core competencies. Our founder, Mr. Shan Xinning, has deep roots in the retail and logistics industries, with over a decade of hands-on experience in enterprise management and strategic execution. His understanding of industry trends has allowed him to chart a clear and practical strategic course for us through successive waves of industry transformation. Our core management team brings together expertise spanning operations research and artificial intelligence, internet platforms, smart retail, logistics and supply chain management, and offline field operations. With an average of over 10 years of industry experience, team members have previously held leadership roles at companies such as Airbnb, Walmart and SF Express, bringing strong capabilities in algorithm development, commercial implementation, offline expansion, and operations management. Our management team is built around three core capabilities: (i) a technology division led by executives with deep expertise in AI and algorithm development, having guided us through digitalization and intelligent transformation and continuously supporting our technological advancement and automation initiatives; (ii) a sales organization drawing on proven strategies of leading internet platforms, with exceptional capabilities in ground-level market expansion; and (iii) an operations management team made up of veterans from China's top logistics enterprises, ensuring consistent and reliable supply chain efficiency and service quality.

Our management team has consistently taken a long-term view, guiding us through multiple strategic upgrades and maintaining steady growth through industry fluctuations. The team prioritizes building core capabilities and sustained investment in technology R&D, while running a lean, high-efficiency organization with industry-leading per-capita productivity. Through unified training programs, standardized risk controls, and integrated system tools, we ensure that management standards and service quality keep pace with rapid business expansion. Through equity incentive programs, we have achieved broad-based equity ownership among our core team members, closely aligning individual career development with our long-term interests. The strategic foresight and execution capabilities of our management team are the foundation of our continued industry leadership and lasting competitive advantages.

OUR STRATEGIES

Scaling our site network

Building on our existing network, we plan to continue our "density-first" expansion strategy. First, we will deepen penetration in tier-one and tier-two cities, increasing POS concentration in light-traffic scenarios to amplify supply chain synergies and reinforce our scale advantages. Second, we will expand into lower-tier cities where demand for convenient, instant consumption remains significantly underserved, extending our network to over 100 cities through phased rollouts informed by multi-dimensional city assessments and using our scale advantages to develop these emerging markets. Third, as rising POS density drives further operational efficiencies, we will continue lowering our operating thresholds, unlocking many fragmented light-traffic scenarios that were previously uneconomical to serve.

Strengthening our sales force remains a strategic priority as we execute on our network expansion plans. We intend to retain and expand our sales force through diversified recruitment channels while providing structured onboarding and ongoing training covering our strategies, sales techniques and operational workflows. To attract and retain sales talent, we offer competitive compensation packages comprising base salaries, performance-based incentives, and long-term retention mechanisms.

We will continue to invest in marketing to solidify our position as the go-to choice for smart retail and promote our brand across all channels. We will launch digital advertising campaigns tailored to specific retail scenarios, highlighting the advantages of our directly-operated model to reach potential site partners and generate sales leads for POS expansion. We will continue to use our expanding network footprint as a brand-building channel, strengthening recognition across our entire network.

Optimizing our supply chain to enhance operational efficiency

As our network density increases, we will continue to upgrade our network-wide inventory sharing and redistribution mechanisms across nodes, enabling higher-frequency, smaller-batch restocking at lower marginal cost. These efficiencies will further reduce the threshold required for profitable operation at the POS level, allowing us to develop additional sites in previously uneconomical light-traffic scenarios — which in turn drives even greater network density. This self-reinforcing cycle — whereby density lowers costs, lower costs unlock new sites, and new sites deepen density — steadily improves our profitability and competitive position. We are also developing intelligent emergency response algorithms to build a self-recovering network capable of managing unexpected supply chain disruptions, turning our scale and density advantages into real cost savings and improved operational reliability at each POS. We will further strengthen our intelligent three-tier distribution system — connecting POSs, front warehouses, and regional warehouses — with the system automatically planning the best flow paths to maximize inventory utilization across the network.

We will further deploy automation hardware across our operations to reduce costs and improve productivity. In our warehouses, we will expand the use of fully automated sorting robots to reduce labor dependency and lower logistics costs. For last-mile delivery, we will scale our autonomous vehicle and mobile warehouse pilot programs in high-density areas and enclosed campuses, overcoming the limits of manual delivery and further improving restocking speed, flexibility, and per-capita productivity.

Advancing our AI capabilities, hardware and platform

We will continue to make significant investments in our AI capabilities to maintain our technological leadership and expand the scope of autonomous decision-making across our operations. Our initiatives include: deepening the integration of large models with, and further improving the proprietary algorithms of, our FLOW Pilot agent system to enhance its predictive accuracy and enable more sophisticated multi-variable optimization across the supply chain, pricing and planning capabilities; developing next-generation computer vision models to improve product recognition accuracy and enable new interaction modes at our smart retail cabinets; and deploying edge AI computing at the cabinet level to reduce latency, improve real-time responsiveness, and enable offline decision-making in low-connectivity environments.

On the hardware side, we will continue to refine the design of renewable energy-powered smart retail cabinets produced by our manufacturing partners, overcoming site constraints related to power availability while reducing energy consumption and our environmental footprint. We will deploy edge computing and multi-modal interaction technologies to improve recognition accuracy and speed, and integrate large model capabilities for real-time consumer interaction. On the platform side, we will continuously upgrade our proprietary Nebula IoT platform — capable of managing over one million devices — with improved algorithm-driven anomaly detection for real-time issue correction, and expanded predictive maintenance with broader automated fault recovery.

Deepening collaboration with brand partners

One of our key strategic priorities is to strengthen our commercial relationships with brand partners, which will in turn improve our pricing terms and gross profit. As our network continues to expand, we expect to offer brand partners access to a broader consumer base and more granular transaction data, which we believe will further strengthen our value proposition as their preferred distribution and marketing channel.

We plan to increase the number of new product launches on our platform. We will invest in the continued improvement and functional iteration of the Shuying Platform to empower our brand partners with data insights, marketing strategies and tools to effectively engage stakeholders across their supply chains.

Piloting global expansion to replicate our proven model

Our algorithm-driven business model, focused on light-traffic scenarios, is well-suited for international expansion as it allows us to quickly accumulate data-driven local market insights, and we intend to pursue a measured approach to global growth.

We intend to target high-potential markets with strong consumer foundations and rapidly-growing smart retail sectors, including Hong Kong and Southeast Asia. We will begin with pilot programs in key cities to test our business and financial models. Once the market is validated, we will leverage our transferable system capabilities and increase our investments to expand our international footprint and capture opportunities in global smart retail markets.

BUSINESS MODEL

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total GMV, according to Frost & Sullivan. We offer consumers seamless grab-and-go experience with a wide variety of products consisting mainly of food and beverages within our directly-operated smart retail cabinets network. Through the decision-making algorithms of our proprietary intelligent agent, which we continuously develop and refine using extensive operational data, we have achieved scalable, networked operations across over 100 retail scenarios. Over the Track Record Period, the number of our smart retail cabinets increased from 106,197 as of December 31, 2023 to 183,989 as of December 31, 2025, covering 72 cities, representing a CAGR of over 30%. Our core strategic priority is to pursue operational efficiency across the entire value chain, including equipment selection, site development, site operation, and management.

During the Track Record Period, our revenue was primarily derived from sales of fast-moving consumer goods to individual consumers through our smart retail cabinets, which accounted for 99.3%, 99.4% and 98.8% of our revenue in 2023, 2024 and 2025, respectively. We generate other revenue from advertisements on our smart retail cabinets by platform companies and product suppliers. The table below sets forth the breakdown of our revenue by business segment during the Track Record Period:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Sales of goods from smart retail cabinets	1,235,489	99.3	1,642,313	99.4	1,985,323	98.8
Advertising and other services	8,191	0.7	10,036	0.6	23,618	1.2
Total	**1,243,680**	**100.0**	**1,652,349**	**100.0**	**2,008,941**	**100.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	(RMB in thousands, except for percentages)					
Sales of goods from smart retail cabinets	643,999	52.1	882,874	53.8	1,096,864	55.2
Advertising and other services[(1)]	8,191	100.0	10,036	100.0	23,618	100.0
Overall	**652,190**	**52.4**	**892,910**	**54.0**	**1,120,482**	**55.8**

Note:

(1) The gross profit margin of advertising and other services remained at 100.0% during the Track Record Period, mainly because such revenue was generated by leveraging our existing smart retail cabinet network, without requiring incremental direct costs specifically attributable to the provision of such services.

By delivering consistent service quality and acting as a sole service provider in many of the light-traffic scenarios, we generate value for stakeholders and have established a virtuous cycle of efficiency improvement, value creation, and profit growth. Based on our algorithm-driven system, we provide consumers with a more convenient purchasing experience while attracting a diverse range of site partners to establish collaborations. Moreover, we address the differentiated consumption needs within specific scenarios. Leveraging the continuous expansion and penetration of our POS network, we have not only enhanced the market visibility of our smart retail cabinet but also empowered brand partners through our channel capabilities. We provide them with reliable new product launch solutions and highly attractive sales channels.

Through systematic efficiency optimization, we have achieved operational performance enhancement. This allows us to lower our operational threshold to cover POS of "light-traffic scenario" — those with average monthly sales below RMB2,000 — and achieve breakeven at as low as approximately RMB300 in monthly sales — approximately one transaction per day. By doing so, we have successfully unlocked a vast number of previously underserved light-traffic scenarios, creating substantial room for incremental growth.

VALUE PROPOSITION

We create value for three core stakeholder groups: individual consumers, site partners, and brand partners. Leveraging advantages in technology, efficiency, and service, we provide differentiated, high-value offerings that create shared benefits and support a multi-party win-win outcome.

Individual Consumers

For individual consumers, our algorithms-driven supply chain resilience translates into more convenience and shopping options, and higher service reliability. We pioneered and deployed, at scale, a smart retail cabinets based on computer vision recognition technology that deliver a seamless "scan-to-open, auto-checkout" experience, eliminating the inherent shortcomings of traditional vending machines, such as mechanical jams, slow transactions, no real-time inventory tracking, and costly maintenance, while optimizing user experience across product variety, inventory capacity, shopping flow, and interactive engagement. Our deep penetration into previously underserved light-traffic scenarios enables us to provide consumers with seamless, always-on access to a broader selection of products. This widespread coverage is fundamentally underpinned by our highly efficient operations, which significantly lowers our break-even threshold to levels far below what traditional vending machine operators can sustain, while maintaining our service consistency simultaneously. In many of these scenarios, we are the only operator of small retail cabinets available, enabling consumers to enjoy convenient shopping within a "one minute and steps away" distance.

We adhere to a fully directly-operated service model in order to guarantee our service quality. This model effectively ensures a rich assortment of products at each smart retail cabinet, rapid introduction of new items, timely restocking, and strict food safety standards. In addition, we have also established a comprehensive customer service system that enhances the shopping experience in various dimensions.

Site Partners

By deploying smart retail cabinets, site partners, namely those partners that provide placement sites and customer traffic resources, can meet the immediate shopping needs of consumers within their venues. The majority of our smart retail cabinets are deployed at the premises of SMEs, such as small factories, gyms, and start-ups with fewer than 100 employees. Our smart retail cabinets serve as a valuable employee benefit that enhances workplace convenience without imposing high operating or maintenance costs on our site partners. The cabinets are fully supported by our extensive network and efficient supply chain and replenishment capabilities. Furthermore, our directly-operated model ensures consistent service quality while, in certain cases, allowing site partners to enjoy revenue-sharing based on sales volume. In most locations, we serve as the sole retail service provider.

Brand Partners

Our rapidly-expanding network in the light-traffic scenario, growing consumer base, and diverse location portfolio make us one of the primary distribution channels. We help brand partners to penetrate light-traffic scenarios that traditional retail cannot easily reach, thereby expanding their market presence. Through end-to-end digital operations, we have accumulated extensive desensitized transaction data, which enables us to provide brand partners with consumer insights, support product optimization and marketing recommendations. In addition, leveraging full control over our directly-operated POS network and rapid product distribution capabilities, we empower numerous brand partners to test new products, increase new product exposure, reduce promotion and distribution costs, refine their inventory management, and achieve scalable growth. Our smart retail cabinets primarily target flexible light-traffic scenarios, setting us apart from brand-owned vending machines that focus on the high-traffic scenarios with limited SKUs of their own brands. Consequently, our network acts as a complementary sales channel rather than a direct competitor, offering brands enhanced localized penetration.

OUR SMART RETAIL CABINETS

We pioneered the application of multi-modal recognition technology in offline retail, in 2019, we became the first operator in the industry to achieve large-scale deployment of smart retail cabinets, according to Frost & Sullivan. By partnering with hardware manufacturers, we developed smart retail cabinets at approximately 30% of the cost of traditional vending machines, fundamentally resolving their inherent shortcomings — including bulky designs that require large floor space with costly reactive maintenance, mechanical jams and dispensing failures, slow single-item transactions, limited product variety and lack of real-time inventory visibility. Using built-in cameras, our smart retail cabinets capture localized video clips during the item selection process and leverage cloud-based multi-modal recognition technology to automatically identify selected items, delivering a seamless "scan to open, automatic checkout upon closing" experience that has since been widely adopted in the industry. Meanwhile, our smart retail cabinets feature a compact design and low power consumption, bringing minimal interference and cost to our sites. Consequently, they are more readily adopted by our site partners.

When consumers purchase products from a smart retail cabinet, the entire process is powered by advanced hardware design and technologies. Unlike traditional vending machines that rely on complex mechanical structures, high-precision sensors, or dedicated RFID tags, our cabinet achieves disruptive optimization at the device's fundamental level by combining standard cameras with product image recognition technology — delivering a convenient and seamless shopping experience. The chart below sets forth our major type of smart retail cabinets and the principal components thereof:

Core Components of a Smart Retail Cabinet

Our smart retail cabinet is primarily composed of an industrial control computer, dual product-recognition cameras, sensing electronic lock, 4G communication module and QR Code/NFC third-party face recognition screen. When purchasing through the smart retail cabinet, consumers can either scan the QR code on the cabinet via their mobile phone or use face recognition/NFC tap to complete identity verification and prepayment authorization to open the door. Once the door is opened, the industrial control computer activates the dual product-recognition cameras to capture localized video clips during the item selection process. After selecting products, consumers could simply close the door and leave. The recorded video is then uploaded via the 4G communication module to the cloud for product-recognition, which generates the transaction order, completes settlement, and simultaneously sends the result to the consumer.

Recognition Mechanism

Our order recognition and settlement system leverages a collaborative architecture between lightweight terminal devices, namely the recognition camera and the industrial control computer, and the cloud. The lightweight terminal devices are primarily responsible for capturing relevant data of the item-picking actions of the consumers solely, while the cloud-based system performs unified processing and analysis — including hand gesture tracking, shelf status recognition, and key action extraction — to accurately identify and match customer-picking behaviors. The system dynamically allocates computational resources based on varying shopping scenarios: in routine cases, our proprietary models are prioritized to ensure rapid response; in complex situations such as product occlusion or stacking, higher-performance models, including third-party general large models, are invoked to enhance recognition accuracy and stability. On this basis, the system continuously improves its adaptability through ongoing training and iteration using hundreds of millions of order records that do not contain any personally identifiable information, achieving performance enhancements without necessitating additional hardware investment. Furthermore, our recognition algorithms undergo continuous optimization, resulting in a customer feedback rate due to recognition inaccuracies of less than six instances per 10,000 orders.

Smart Retail Cabinet Recognition Workflow

Our IoT Platform

Our vast network is supported by our self-developed Nebula IoT platform. This IoT platform supports high-concurrency access at the million-device level and currently provides real-time, fine-grained remote control for over 180,000 smart retail cabinets. The platform implements a full-lifecycle digital management system — covering automated quality inspection before shipment, intelligent health checks during installation, and closed-loop operational management including anomaly monitoring, alerts, and automated work-order dispatch — to ensure each cabinet's stable and sustainable operation. According to Frost & Sullivan, such scale of management and level of operational control are the most extensive and highly refined in the industry. Deeply integrated with our directly-operated business processes and leveraging our long-term large-scale operational data and experience, the platform captures precise, real-time shopping data, that do not contain any personally identifiable information, for every cabinet, including the information of shopping duration, item pick/place, door-lock time, temperature changes, etc. Multidimensional analysis of these data feeds back into continuous device and platform iteration, forming a positive cycle of "technology enabling operations — operations accumulating data — data driving technology."

Acquisition of Smart Retail Cabinets

We mainly procure smart retail cabinets and their components from suppliers in China to support the expansion of our smart retail cabinet network. During the Track Record Period, we also acquired certain smart retail cabinets through finance lease arrangements. In selecting smart retail cabinets suppliers, we mainly consider factors such as their production capacity, technological competence, pricing competitiveness, financial conditions, industry experience and management system credentials. To ensure suppliers meet our quality standards, we require them to submit reference samples for cabinet performance and reliability testing and collaborate with suppliers whose reference samples pass our stringent tests. For each batch of smart retail cabinets procured, we provide detailed specification requirements and technological information to our suppliers. We typically confirm acceptance of a batch of smart retail cabinets only after careful inspection and trial operations to ensure that the supplies conform to our requirements and perform satisfactorily. Smart retail cabinets suppliers are typically required to provide quality warranty and assurance for their products and assist in the routine maintenance of smart retail cabinets supplied by them.

OUR PRODUCTS AND SALES

We offer a diverse portfolio of products, primarily including beverages and packaged food, to consumers through our smart retail cabinets. Powered by our proprietary algorithms, we are able to tailor precise product assortments to various retail scenarios and rapidly introduce new products. This algorithm-driven approach ensures objectivity in our operational decision-making, thereby consistently optimizing the overall sales performance of our POS network.

Our Product Offering

We primarily offered the following types of products during the Track Record Period:

Product Type	Sales Price Range	Average Selling Price	Description
	(RMB/unit)	*(RMB)*	
Beverages	1.1–16.3	5.2	Primarily include tea drinks, instant hot drinks, fruit-flavored drinks, coffee, carbonated drinks, drinking water, dairy drinks, sports/functional drinks, and plant protein drinks.
Snacks	1–33.9	3.7	Primarily include biscuits, pastries, candies, jelly/pudding, chocolate, nuts and roasted seeds, preserved fruits/dried fruits, meat snacks, seafood snacks.
Instant Foods	1.3–29.9	5.4	Primarily include sausages, eggs, canned food, instant noodles/rice and porridge.
Breakfast Foods	1.6–10	6.0	Primarily include cakes, cereal and bread.
Others	1.9–188	37.8	Primarily include gum-based candy, daily necessities, confectionery, stationery, and various other products.

The following table sets forth a breakdown of our GMV by product type in absolute amount and as percentage of our total GMV for the years indicated:

Product Type	For the year ended December 31,					
	2023		2024		2025	
	Amount (RMB'000)	*%*	*Amount (RMB'000)*	*%*	*Amount (RMB'000)*	*%*
Beverages	917,165.1	63.3%	1,252,752.2	64.9%	1,566,777.2	66.9%
Snacks	247,622.8	17.1%	304,760.7	15.8%	342,498.6	14.6%
Instant Foods	191,017.6	13.2%	265,062.8	13.7%	327,373.5	14.0%
Breakfast Foods	88,373.2	6.1%	101,407.4	5.3%	100,003.9	4.3%
Others	5,335.0	0.4%	6,635.6	0.3%	4,448.2	0.2%
Total	**1,449,513.6**	**100.0%**	**1,930,618.7**	**100.0%**	**2,341,101.4**	**100.0%**

Our Product Assortment

Unlike traditional operators that focus on major locations such as transportation hubs and schools with highly homogeneous product categories focusing on the demand of beverages, we operate across diverse light-traffic scenarios, covering consumer needs throughout different times of day including breakfast, snacks, and late-night work. As our applicable scenarios primarily serve relatively stable consumer groups with diverse needs and high demand for product updates, we offer a more diversified range of products and implement more frequent category of refreshments. During 2025, each of our cabinets carried an average of 48.4 SKUs with 7.3 new products introduced monthly, placing us among the leading levels in the industry, according to Frost & Sullivan. The following table sets forth details of our product SKUs and new SKU introductions during the Track Record Period:

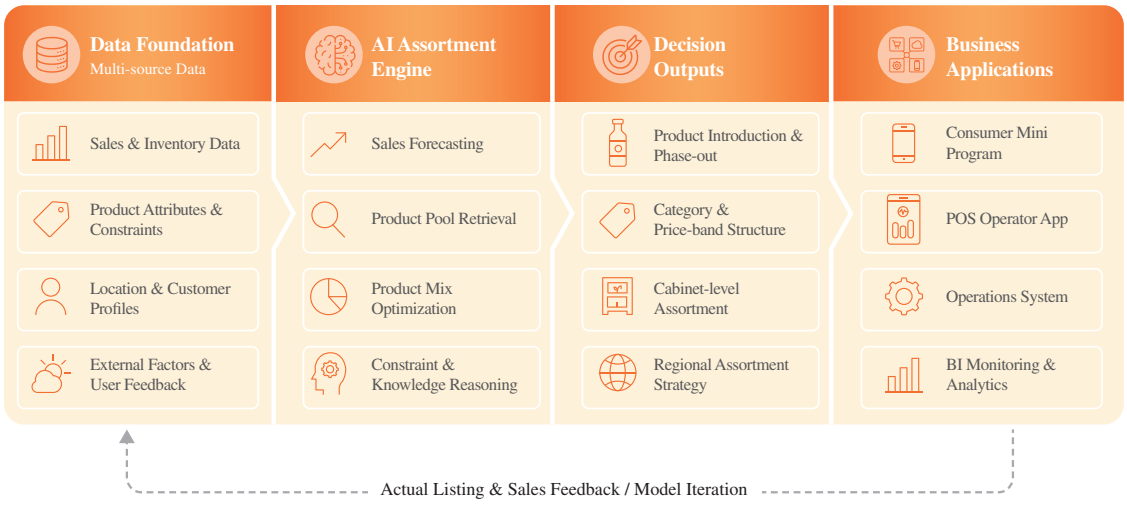
	For the Year Ended December 31,		
	2023	2024	2025
Total Active SKUs	768	1,463	1,816
Number of newly introduced product	263	340	386
Average Monthly SKUs per Cabinet	43.7	45.7	48.4
Average Monthly New SKUs per Cabinet	5.9	7.0	7.3

To address the rapidly-evolving and highly-localized consumer demands in light-traffic scenarios, unlike traditional operators that circumvent the niche and long-tail products, which are goods with a placement rate below 20%, due to low turnover and high management costs, we strategically incorporate a substantial proportion of these categories into our product offering. For the years ended December 31, 2023, 2024 and 2025, the number of niche and long-tail products we managed increased from 239 in 2023 to 1,163 in 2024 and further to 1,480 in 2025. During the same periods, transactions involving niche and long-tail products accounted for 1.5%, 14.7% and 20.0% of our total number of transactions in each year, respectively. The substantial increase from 2023 to 2024 was primarily driven by the launch of our FLOW Pilot agent system, which leverages its capabilities in collecting and analyzing massive datasets to accurately capture and predict site-specific consumer preferences. This enables us to dynamically tailor the optimal product assortments — including niche and long-tail items — from thousands of SKUs for each location, while facilitating rapid new product introduction. We remain committed to building a differentiated competitive barrier through the refined operation of niche and long-tail products.

Algorithms-Driven Product Assortment

We rely on algorithms and objective data to configure products in our smart retail cabinets. Link Pilot, as one of the agents in our FLOW Pilot agent system, collects historical sales data across all smart retail cabinets and SKUs, combined with scenarios and customer needs of different premises, product homogeneity and complementarity, external conditions, and user feedback, to accurately match products assortment to different POSs. The process is highly automated and requires minimal human intervention. For the fourth quarter of 2025, among approximately the daily average of 48 million automated decisions made by Link Pilot regarding product assortment and new product introduction, only approximately 2,000 instances required manual adjustments at the request of customers. The diagram below sets forth the autonomous decision-making process:

Link Pilot
Product Assortment Algorithm Architecture



This decision-making process is supported by Link Pilot, which ensures that product competition and replacement are driven entirely by consumer preferences, identifies the product assortment best aligned with consumer group needs, and flexibly adapts to variables such as weather, seasonality and taste preferences. As our data feedback loops accumulate and our intelligent agents iterate, our demand insights become increasingly precise and our decision-making becomes more intelligent.

Marketing and Consumer Interaction

To strengthen consumer engagement and increase exposure opportunities for brand partners' new and promoted products, on the basis of disclosing our third-party cooperation rules to consumers, we have developed a series of interactive consumer marketing campaigns supported by continuous A/B testing. Through repeated testing and iteration, we refine campaign mechanics, benefit structures, user journeys and product presentation formats to improve consumer conversion and shopping experience at our smart retail cabinets. Our marketing initiatives include paid coupon bundles, voice-based promotional reminders at cabinets, lottery campaigns for promoted products, and dedicated landing pages for new product launches. These campaigns not only enhance consumer interaction with our smart retail cabinets, but also provide brand partners with effective tools for product debut, consumer education and repeat purchase conversion.

Leveraging our large consumer base, extensive POS network and scenario-based consumption data, we also strategically cooperate with leading local lifestyle services platforms and brand partners to drive consumer traffic from online platforms to offline smart retail cabinet redemption. These collaborations create an online-to-offline closed loop of "online engagement + offline purchase/redemption," enabling large-scale, precise and cost-effective customer acquisition, increasing transaction frequency per cabinet and enhancing regional market penetration.

Our Pricing Policy

Our pricing strategy combines the principles of cost-plus model with competitive market-based pricing. Specifically, we set the retail prices at our smart retail cabinets based on procurement costs, while we continuously monitor the pricing of competitors and convenience stores. This approach allows us to dynamically adjust prices to maintain profitability while supporting our market share expansion.

BRAND PARTNERS COLLABORATION AND SERVICE

We have established long-term and stable partnerships with leading food and beverage brands in China. We place significant emphasis on our collaboration with brand partners, paying particular attention to their pricing policies and channel selection strategies. To safeguard brand integrity and maintain market order, we strictly prohibit unauthorized distribution and price distortion. Our strategic decision to refrain from wholesale business or franchise model directly supports this commitment and has been widely recognized by our brand partners.

Furthermore, our diverse service scenarios inherently require a high frequency of new product introductions to mitigate consumer fatigue, which strongly aligns with our brand partners' needs for product testing and promotion. Building on this collaborative foundation, we offer value-added services driven by consumer insights to support brand partners in their marketing initiatives. These services empower brand partners to capture real-time market trends and refine their promotional strategies based on our actionable insights.

To illustrate, we have developed and launched the Shuying Platform (數盈平台), a digital analytics and collaboration platform that enables brand partners to track product sales performance across our POS network and derive actionable insights. Supported by granular analytics derived from actual transactions, it helps them promptly identify market trends and consumer preferences. This, in turn, facilitates the optimization of their product strategies and inventory management.

Recognizing the value of our cooperation model and value-added services, an increasing number of brand partners have established long-term partnerships with us, positioning our POS network as a preferred channel for new product testing and promotion. This enables us to secure more favorable procurement pricing, thereby creating opportunities to expand our profit margins. During the Track Record Period, our gross profit margin achieved stable growth from 52.4% as of December 31, 2023 to 55.8% as of December 31, 2025. The table below sets forth the annual number of brand partners that have introduced new products and the annual number of new product introductions during the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Number of brand partners introducing new products	158	228	230
Number of new products introduced	263	340	386

Notes:

1. "Number of brand partners introducing new products" refers to the number of brand partners that launched at least one new product to our network during the respective year; and
2. "Number of new products introduced" refers to the number of new products introduced during the respective year.

OUR POS DEVELOPMENT

In POS development, we systematically evaluate and identify potential locations, followed by commercial negotiations to initiate collaborations with site partners. Upon securing a site location, we arrange for the physical deployment, standardized installation, and activation of our smart retail cabinets. We assign dedicated client managers, operations supervisors, and replenishment personnel to execute standardized operational protocols. Through this integrated and granular directly-operated management framework, we provide consistent and high-quality retail services. This approach ensures operational continuity and optimal cabinet performance, even as our POS network expands at scale.

Our Sales Team

Our sales team plays an important role in our site development. Unlike other peers in the industry that rely on POS resources or bidding procedures, we ensure proactive growth in site development by establishing a sales team containing our own employees and outsourced personnel. During the Track Record Period, our sales team expanded rapidly from 1,039 as of December 31, 2023 to 1,798 as of December 31, 2025. We categorize our sales team into 11 regions, covering 72 cities, each equipped with four core functions: HRBP, training, risk control and sales management. We expect to expand to 12 more new cities and establish corresponding sales teams in 2026 to keep up with our business growth.

Our sales team has installed over 130,000 new POSs over the year of 2025, with an increase of approximately 61.7% from 80,931 as of December 31, 2023, demonstrating robust growth capabilities. This rapid growth is underpinned by our long-term team-building, constant technological investment, broad application of algorithms, and a highly agile digital training system. Such momentum establishes a solid foundation for our continued market expansion, deeper scenario penetration, and sustainable high growth.

Our Sales Agent

To empower our sales team during POS development, we synergize our self-developed client management system with our intelligent sales agent, Field Pilot. Through eight consecutive years of intensive field visits across 72 cities, we have accumulated extensive scenario-based information. As of December 31, 2025, we have collected over 2.0 million potential sales leads. Our sales agent then intelligently match leads with sales personnel based on their competencies and experience. Throughout the sales cycle, Field Pilot further enhances their execution by generating optimized visit routes, facilitating real-time algorithms-driven pitch-practicing, and providing intelligent operational diagnosis via comprehensive data dashboards. Ultimately, these integrated capabilities significantly boost client conversion rates, maintain high operational efficiency, and strictly control per-site acquisition costs during rapid expansion. The screenshots below set for the interfaces of the Field Pilot:

The optimized visit routes generated by Field Pilot

The intelligent operational diagnosis via comprehensive data dashboards of Field Pilot

Our POS Distribution

We have identified and covered more than 100 distinct retail scenarios through our years of operation. The following table sets forth the distribution of our POSs by retail scenario as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	(Number of POSs)	*(% of Total POSs)*	*(Number of POSs)*	*(% of Total POSs)*	*(Number of POSs)*	*(% of Total POSs)*
Workspace	65,454	61.6%	79,781	57.9%	102,399	55.7%
Commercial venues	16,866	15.9%	23,205	16.8%	33,730	18.3%
Logistics and warehousing facilities	6,870	6.5%	14,021	10.2%	20,246	11.0%
Leisure and entertainment venues	8,462	8.0%	11,247	8.2%	16,106	8.8%
Public services and education	2,660	2.5%	4,145	3.0%	5,177	2.8%
Others	5,885	5.5%	5,488	4.0%	6,331	3.4%
Total	**106,197**	**100.0%**	**137,887**	**100.0%**	**183,989**	**100.0%**

Notes:

(1) Workspace primarily include office areas, co-working spaces, factory premises, and specialized manufacturing workshops;

(2) Commercial venues primarily include operating commercial spaces, such as hotels, apartments, beauty and hair salons, and 4S shops for automobile;

(3) Logistics and warehousing facilities primarily include logistics transit hubs and warehouses;

(4) Leisure and entertainment venues primarily include karaoke, board game cafes, and billiard halls;

(5) Public services and education primarily include transportation centers, educational campuses and hospitals; and

(6) Others refer to locations that cannot be classified into the aforementioned categories due to their specific nature, such as campgrounds, fishing venues.

The table below sets forth the distribution of our POS in China by city tier during the Track Record Period as of the dates indicated:

City Tier	As of December 31,					
	2023		2024		2025	
	(Number of POSs)	*(% of Total POSs)*	*(Number of POSs)*	*(% of Total POSs)*	*(Number of POSs)*	*(% of Total POSs)*
Tier one cities	23,114	21.8%	26,378	19.1%	33,559	18.2%
Tier two cities	80,573	75.9%	102,579	74.4%	135,536	73.7%
Tier three cities and other	2,510	2.4%	8,930	6.5%	14,894	8.1%
Total	**106,197**	**100.0%**	**137,887**	**100.0%**	**183,989**	**100.0%**

Notes:

1. During the Track Record Period, our POS network was primarily concentrated in tier two cities, driven by our 2024 expansion initiative majorly targeting tier two and tier three markets and the most significant increase of our city coverage in tier two cities.

2. As we continue to execute this geographic expansion strategy, we expect the number of our POSs in tier three cities to increase steadily over the next three years.

Despite having established our POS network across a wide range of retail scenarios, penetration rates in many scenarios remain relatively low. As of December 31, 2025, we operated approximately 6,000 POSs within the hotel scenario, representing a coverage rate of only 1% of all the hotels in China. We believe similar growth potential exists across other scenarios. For instance, we operated less than 2,000 POSs in scenarios of charging stations, construction sites, logistics parks, gyms, hair and beauty salons, and commercial centers. Although we have achieved rapid expansion during the Track Record Period, our overall penetration remains relatively low. Driven by evolving consumption habits and increasing user acceptance, we expect conversion and penetration rates to continue to rise, creating significant tailwinds for future growth.

Collaboration with Site Partners

Unlike certain industry peers that primarily rely on franchise models, we have developed a fully directly-operated model through collaborations with site partners, that are either the operating entities of the sites where our smart retail cabinets are deployed or, more commonly, business representatives of such entities. Under this model, we supply smart retail cabinets, provide customer services at each site and collect sales revenue directly from end consumers. Our site partners are generally responsible for furnishing suitable premises for the installation and operation of our cabinets and bearing associated on-site costs such as utilities. The sites we serve are primarily operated by small-to-medium enterprises that leverage our services to offer retail convenience to their employees and visitors. Most site partners do not regard our collaboration as a primary revenue source. We make certain payments to cover site partners' incidental costs, which are primarily structured as either a fixed amount or a floating percentage of GMV generated at the relevant site. During the Track Record Period, approximately 90% of our monthly payments to site partners were below RMB300. In certain cases, some site partners that consider hosting our cabinets as employee welfare provided by site operators require no payment from us.

To maintain consistently high service standards across a wide range of retail scenarios, our directly-operated model is supported by end-to-end service. We assign dedicated POS operators, customer service personnel, and operational managers to each site, equipping our site partners with comprehensive operational and technological support in an integrated online-to-offline service system. We have also self-developed the Yunhan Platform, which supports online contracting, billing reconciliation, transaction inquiries, and identity maintenance — enhancing transparency, efficiency, and compliance throughout our settlement processes with site partners. We typically formalize details of collaboration terms with our site partners either before deploying our cabinets or upon activation of their accounts on the Yunhan Platform.

The primary terms of our standard written agreement with site partners include:

- *Term.* Each agreement remains in effect until the contracted services are completed, with site costs settled on a monthly basis.
- *Termination.* Either party may terminate the agreement upon prior written notice, subject to completion of handover procedures. We may terminate immediately upon an uncured material breach by the counterparty.
- *Ownership and revenue.* Ownership of, operating rights over, and all revenue generated by the equipment remain vested exclusively in us. The site partner receives a fixed amount or a floating percentage of GMV for hosting our equipment.
- *Authority.* Where the site partner is a business representative of the operating entity of a site, such site partner represents and warrants that all requisite consents and authorizations to enter into the arrangements on behalf of the operating entity have been obtained.
- *Indemnification*. The counterparty is liable for liquidated damages in the event of any failure to maintain stable equipment placement. The counterparty must also indemnify us against any losses arising from its lack of authority to enter into the arrangements.

Our sales team identifies prospective site partners through systematic daily offline screening and intensive site visits, establishing collaborations through a structured evaluation process. To ensure rigorous risk control and to verify the authority of each site partner or its representative, we conduct comprehensive multi-step verification procedures prior to establishing any collaboration. These procedures include: (i) on-site inspections to assess the suitability of the premises for equipment installation and operation; (ii) evaluation of site traffic volume, consumer demographics, and prevailing commercial conditions; (iii) verification of valid business licenses, requisite operating permits, and property rights or lease documentation; (iv) authentication of the business representative's identity, job title and responsibilities and employment relationship with the operating entity; and (v) confirmation of site partner's commitment for long-term collaboration and alignment on key commercial terms. As of December 31, 2025, we had approximately 138,000 active site partners spanning over 100 retail scenarios, with an average of 1.3 POS units per site partner. According to Frost & Sullivan, our collaboration model with site partners is customary in the industry.

MOVEMENT OF OUR POS NETWORK

The table below sets forth the movement of our POS over the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Number of POSs at the beginning of the period	75,195	106,197	137,887
Number of POSs opened during the period	80,931	100,360	130,867
Number of POSs closed during the period	49,929	68,670	84,765
Number of POSs at the end of the period	106,197	137,887	183,989
Net increase in the number of POSs during the period	31,002	31,690	46,102

The movement of our POS network reflects our active portfolio optimization strategy in light-traffic scenarios. Given the fragmented nature of light-traffic locations, we continuously evaluate POS-level performance and site stability, open new POSs in attractive scenarios, and proactively terminate or adjust underperforming POSs to improve the overall efficiency and profitability of our network.

To better allocate our cabinet and operational resources, we proactively terminate cooperation with POSs where monthly GMV falls below our breakeven point of approximately RMB300 after significant sales declines. This low breakeven threshold reflects our low-cost cabinet deployment, dense operating network and algorithm-driven operational efficiency, and allows us to profitably serve a broad range of light-traffic scenarios. Over the Track Record Period, such proactive terminations accounted for approximately 61.3% of our total POS closures, representing the primary reason for closures. Such termination decisions are made to avoid inefficient allocation of cabinets, replenishment capacity and field operation resources.

Moreover, we primarily deploy our smart retail cabinets at premises of SMEs. Given their inherent vulnerability to macroeconomic fluctuations and a typical business lifecycle of only two to five years, SMEs frequently undergo reorganizations or downsizings. Consequently, these dynamics often cause sales volatility at certain POS locations, necessitating continuous adjustments to our operations. Over the Track Record Period, closures resulting from the relocation or cessation of the site partners' business operation accounted for approximately 23.2% of our total POS closures. The remaining approximately 15.5% of the closures were attributable to other reasons, such as misalignments on the business terms.

Cabinets removed from underperforming POSs can generally be redeployed to other locations within our network, enabling us to preserve asset utilization while improving site-level productivity. Notably, following the termination of a POS cooperation, our cabinet

achieves a nearly 99% reuse rate, enabling redeployment to premium POSs at minimal logistics costs. Furthermore, inventory from terminated POSs can be swiftly reallocated through our distributed network to other active POSs, essentially achieving near-zero waste while significantly mitigating costs and losses associated with idle assets.

Supported by a continuously expanding sales team, we acquire high-quality new POSs through efficient development while concurrently optimizing our POS portfolio and phasing out underperforming POSs through refined operations. As long as new POS additions consistently outpace removals, our overall network scale will continue to grow, enabling sustained business expansion. Our site network is not measured solely by the number of new POSs opened, but also by our ability to continuously screen, replace and optimize POSs based on site-level economics. This enables us to maintain net network expansion while allocating operating resources toward higher-quality sites.

OUR NETWORK-BASED OPERATING MODEL

To support our business model, which focuses on "capillary-level" light-traffic scenarios, we have built an operating model around three pillars: a distributed network, direct operations and algorithm-driven autonomous decision-making. We have developed a large-scale, high-density and interconnected distributed network to manage the complexity of operating our POSs. Managing a network of this size requires automated systems — the sheer volume and precision of decisions involved, covering inventory replenishment, product assortment, pricing, and logistics across hundreds of thousands of sites, is beyond what human planning alone can reliably deliver. Continuously improving our algorithms depends on high-quality, real-time data from across our network; strictly carrying out algorithm-generated instructions at each site requires end-to-end operational control. Both requirements make a fully directly-operated model essential. Together, our focus on light-traffic scenarios, our distributed network, algorithm-driven decision-making, and direct operations forms a self-reinforcing foundation that has helped us build competitive advantages and deliver profitable growth.

Our Directly-Operated Model

Unlike most competitors, which rely primarily on franchise models, we operate our entire network directly. Running smart retail cabinets comes with real challenges: they are hard to manage remotely, and on-site verification is difficult. In light-traffic scenarios, these challenges are amplified by a highly dispersed POS network, unpredictable consumer demand, strict fulfillment requirements, and high site turnover. Without direct operational control, maintaining consistent service quality and a reliable consumer experience across such a fragmented network would not be feasible. By keeping direct control over our POSs, our operational staff, and our operating procedures, we can apply uniform algorithmic rules, standardized processes, and consistent people management across the whole network. This end-to-end control is also essential to our algorithm-driven decision-making — it ensures that algorithm-based instructions are properly carried out and that high-quality operational data flows back into the system.

To achieve this, we have established a vertically-integrated management structure consisting of city-level operations managers and a dedicated team of POS operators with strong execution capabilities. This structure keeps our existing network running smoothly under algorithmic guidance and allows new POSs to be integrated seamlessly, while maintaining a consistently high standard of service for our site partners and consumers.

- ***Operations Managers***. Our core operations management team is drawn mainly from leading express delivery and logistics companies in China, bringing deep expertise in warehousing, fulfillment, and online operations management. Supported by our systems and algorithms, our managers are primarily responsible for ensuring that POS operators carry out algorithm-generated tasks rigorously — covering recruitment, training, performance assessment, and operational quality control — and for feeding real-world operational insights back to help continuously improve our algorithm. This structure frees our managers from routine day-to-day planning and administrative work.

- ***POS Operators***. We manage our POSs through POS operators — personnel who carry out replenishment and other tasks based on algorithmic instructions. We use geofencing to dynamically define each operator's service area, which forms our core operational service units. An operator's main responsibilities involve completing tasks assigned through the Work Pilot system, including replenishment, inventory audits, stock redistribution, product layout, expired product management, network troubleshooting, equipment cleaning, and routine site maintenance. Through multi-channel recruitment, we have built a team of over 1,400 POS operators — the largest directly-operated network in the industry. We have established a comprehensive management framework covering recruitment, training, task planning, quality inspection, and incentive mechanisms, all supported by technology and AI tools to enable precise task dispatch and dynamic management of POS operators. This framework effectively addresses the challenges of managing a large, distributed, directly-operated network. During 2025, each POS operator managed an average of over 115 cabinets and completed 39 operational tasks per day, with an execution rate for algorithm-assigned tasks exceeding 90%.

Our Distributed Network

The light-traffic scenario is characterized by highly volatile demand and dispersed consumption patterns. The central operational challenge is getting inventory allocation right. Each site typically stocks around 48 SKUs, but demand for any given SKU can shift significantly depending on the time of day, the customer group, and the location. With limited cabinet space, getting stock levels right is critical — too much stock leads to slow turnover and shrinkage, while too little leads to shortages. A dispersed POS network, small order sizes, and low replenishment frequency add further complexity to the supply chain.

To address these challenges, we have drawn on our operational experience and technology capabilities to move beyond traditional chain. We have built a distributed, networked supply chain system in which each smart retail cabinet acts as a core node — serving not just as a point of sale, but also as a unit for data collection, temporary storage, and product movement. This allows products to be transferred directly between cabinets, creating an interconnected model. The system is powered by two proprietary AI agents: Opti Pilot, which handles supply chain decisions — including forecasting inventory needs at each node and transferring slow-moving items to optimize stock allocation; and Work Pilot, which makes dispatching decisions based on the planning of Opti Pilot, including generating network-wide replenishment, inward and outward transfers, and warehouse returns tasks, incorporating them into optimized routes.

Our operational data highlights the strategic importance of our network-based transshipment mechanism. To maintain overall sales volume, we keep a similar range of SKUs at each site. In 2025, our inventory cleared through transshipment in light-traffic scenarios accounted for approximately 22% of total sales. The impact is especially significant at locations with lower traffic volumes, which rely on more frequent transshipment to sustain profitability. In commercial terms, our ability to resolve stock turnover problems through this distributed network is a fundamental requirement for maintaining our current service levels and profitability in low-traffic settings. Importantly, most of these transfers are coordinated by our algorithms without adding significant operational burden. In 2025, for every 100 cabinets visited by POS operators for replenishment, our algorithm assigns an additional 55 transshipment tasks among those POSs — without generating additional routes.

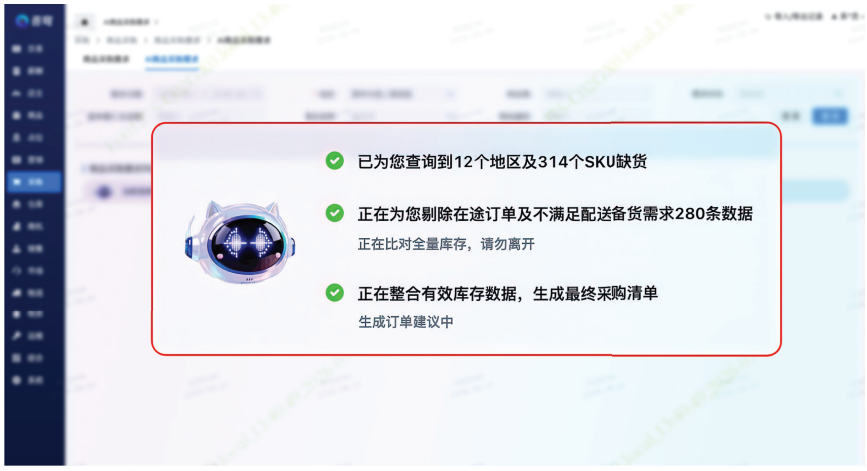
This distributed, networked supply chain system gives us a core competitive advantage that is difficult for others to replicate. By managing inventory centrally across all POS units, we have significantly improved stock security at high-volume locations when demand fluctuates, while at the same time resolving turnover and shelf-life issues at lower-volume locations. Network-based product dispatching also makes our supply chain more resilient and flexible, which is critical to our niche product strategy and frequent product refresh approach

in light-traffic scenarios. Through unified task planning, we can use our network density and the diversity of our locations to meaningfully cut delivery times and logistics costs. Finally, our algorithm-driven decision-making is built to improve over time — through continuous feedback loops and autonomous learning, the system gets smarter, protecting our long-term competitive position.

Our Management Automated by Algorithm-Driven Decision-Making

Our network-based operating model requires a large number of daily decisions across warehouses, smart retail cabinets, and POS operators. These decisions are interconnected. A warehouse manager cannot decide how much inventory to hold at a single warehouse in isolation — the right answer also depends on upstream inventory, downstream cabinet demand, seasonality, upcoming promotions, delivery lead times, product velocity, existing stock levels, and shifts in consumer demand. With over 800 front warehouses and more than 1,000 SKUs managed across the network, manual planning at this scale and level of interdependence would be difficult to carry out consistently and efficiently.

Opti Pilot, one of the core agents in our FLOW Pilot system, automates supply chain decision-making. It assesses inventory needs across warehouses, smart retail cabinets, and SKUs on a network-wide basis, taking into account upstream and downstream stock positions, expected demand, product shelf life, replenishment frequency, warehouse capacity, and logistics constraints. This prevents warehouse managers from making decisions that may look reasonable at a single-warehouse level but cause stockouts, overstocking, or inventory imbalances elsewhere in the network. By coordinating inventory allocation across the full supply chain, Opti Pilot improves replenishment accuracy, reduces unnecessary stock movement, and supports more stable inventory turnover.



The complexity is even greater at the POS operator level. We operate over 180,000 smart retail cabinets and work with more than 1,000 POS operators, each of whom must complete multiple tasks across different locations within limited working hours each day. In addition to replenishment, POS operators may need to conduct shelf-life checks, inventory audits, product layout, equipment checks and inter-cabinet transshipment. These tasks interact with one another. For example, where transshipment is required, the operator must first visit the cabinet from which products are transferred out before visiting the cabinet receiving those products. As the number of cabinets, SKUs and possible transshipment pairings increases, the number of possible task combinations becomes too large for manual planning to handle efficiently.

Work Pilot, another core agent of our FLOW Pilot system, converts these complex operating decisions into executable daily tasks for POS operators. It estimates the time required for each task, determines task priority, identifies which cabinets should be visited first, groups tasks into efficient execution sequences and plans routes based on location and traffic conditions. As a result, POS operators do not need to manually plan their daily routes or decide task priorities. They can follow the task list and route generated by Work Pilot and complete the required work at each cabinet step by step.

The analysis of the Work Pilot regarding the sequence of the mission and route plan

The final result of the mission and the route plan

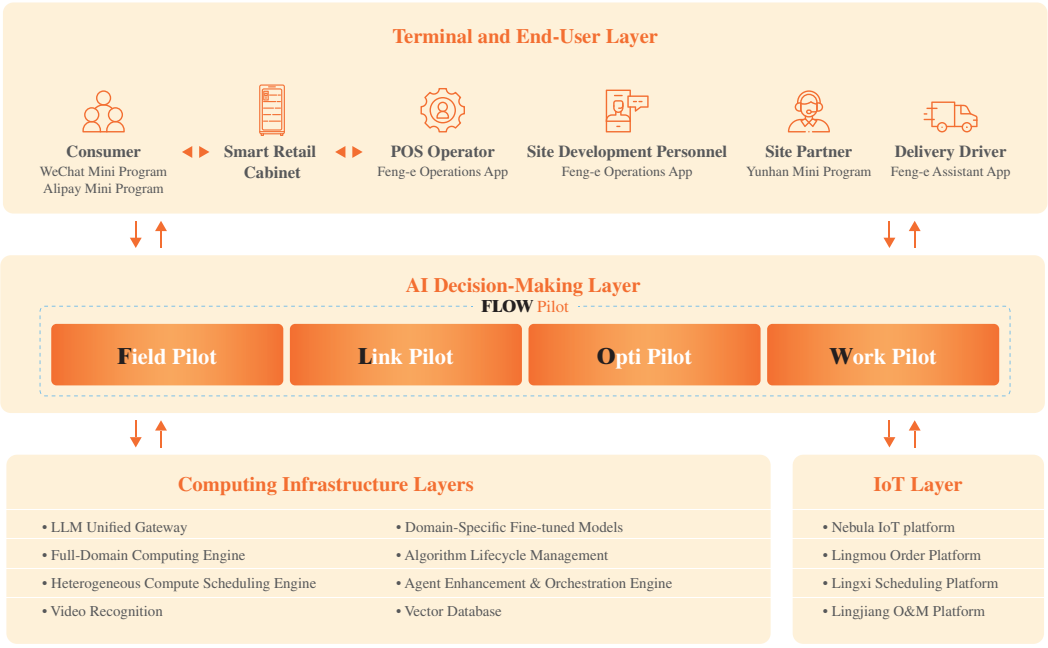
By automating these high-frequency daily decisions, Opti Pilot and Work Pilot improve decision quality and management efficiency while also reducing manual planning workload, labor costs and subjective human bias. During the Track Record Period, following the implementation of Opti Pilot and Work Pilot, we achieved rapid network expansion and SKU increase while maintaining stable inventory turnover. Daily tasks completed per POS operator increased from 32 in 2023 to 39 in 2025, representing an increase of approximately 22%, while the average number of terminal units managed per operator within their designated maintenance radius increased from 94 in 2023 to 115 in 2025, representing an increase of 22%.

Together, this network-based operating model combining a distributed network, direct operations and algorithm-driven autonomous decision-making relieves our management from the burden of intensive day-to-day planning and administrative work. As a result, the average number of units managed per operational personnel increased from 303 in 2023 to 390 in 2024, and further to 504 in 2025, representing a 66% growth in management span over the two-year period.

OUR CORE TECHNOLOGIES

Overview

We regard technological innovation as the fundamental driver of our scalable and sustainable growth. Through sustained investment in research and development, we built FLOW Pilot in 2024, our proprietary end-to-end agent system. While the majority of industry participants remain in the digitalization (1.0) or systemization (2.0) stages of technological development, we have advanced to the data intelligence (3.0) stage and are currently operating at the AI intelligence (4.0) stage, having transitioned our operations from human-led management to algorithm-driven decision making. See "Industry Overview — Technological Iteration of Smart Retail Cabinet Operation" for a description of the industry's technological development stages.



Technology Architecture

We have built a comprehensive, efficient, and intelligent technology architecture, with tightly integrated layers that work collaboratively across cabinet interaction, core decision-making, intelligent capability provisioning, technical support, and device connectivity, providing full-chain support for the efficient operation of unmanned retail services. The Terminal and End-User Layer serves as the primary interaction interface connecting consumers, operations personnel, sales staff, and site partners to our network through proprietary and third-party applications. The Decision-Making Layer is powered by FLOW Pilot, which comprises four specialized agents — Field Pilot, Link Pilot, Opti Pilot, and Work Pilot — that collectively govern site expansion, product assortment, inventory planning, and fulfillment execution. The Computing Infrastructure and IoT Layer, anchored by our self-developed Nebula IoT platform, provides real-time device connectivity, data exchange, and intelligent computing support across our entire network.

Terminal and End-User Layer

The terminal and end-user layer serves as the interaction entry point of our architecture and the key interface connecting all core participants in the retail ecosystem. It covers consumers, operations personnel (responsible for replenishment and equipment repair), business partners, and frontline sales staff, ensuring no critical role is omitted. To enhance interaction efficiency and convenience, we have deeply integrated WeChat and Alipay mini-programs, along with proprietary systems such as Feng-e Manager, creating real-time connectivity between multiple user roles and smart retail cabinets. This enables closed-loop management across cabinet operations, feedback collection, and service response, ensuring timely handling of needs and efficient execution of actions.

AI Decision-Making Layer (FLOW Pilot)

The central decision-making hub of our architecture is the Intelligent Business Decision and Orchestration Layer, known as FLOW Pilot. Leveraging advanced artificial intelligence, this layer oversees end-to-end decision-making and task planning. It is supported by four interconnected agents that collaboratively cover key business scenarios, constructing a comprehensive business decision system.

- ***Field Pilot*** is our engine for site expansion, aggregating data in regional scenarios, site valuation, and partner qualifications to enable intelligent lead recommendations, site quality and risk assessments, and scenario-specific expansion strategies. This approach enhances market development efficiency and site quality, providing a data-validated foundation for network expansion.
- ***Link Pilot*** is our engine for product assortment, integrating cross-site demand sensing, transaction history, consumer feedback, and product correlations data. Utilizing operations research optimization and reinforcement learning algorithms, this agent supports network-wide product selection, demand insight, and differentiated assortment strategies. Through a "decision-execution-feedback" iterative loop, it continuously optimizes models to dynamically align product offering with site-specific demand, achieving site-level precision in product allocation.
- ***Opti Pilot*** is our engine for inventory planning, coordinating dynamic inventory allocation, stocking and outbound decisions, and upstream-downstream collaboration among regional warehouses, front warehouses, and smart retail cabinets. Its core objective is to achieve optimal inventory assortments across the entire network, improving turnover efficiency, reducing product shrinkage and capital tie-up, and ensuring the highly economical operation of the supply chain.
- ***Work Pilot*** is our engine for task dispatching, covering all fulfillment scenarios. Positioned as the core decision center above our Order Management System ("**OMS**"), Transportation Management System ("**TMS**"), and Warehouse Management System ("**WMS**"), it orchestrates task allocation, route planning, and closed-loop validation for operational tasks (such as replenishment, inventory audits, and redistribution). It also manages driver dispatching and route optimization for fulfillment from warehouses to sites. By optimizing end-to-end task execution and providing full-process visualization, it ensures that all fulfillment operations are controllable and traceable.

FLOW Pilot orchestrates the four agents through an end-to-end decision-making system. This closed-loop system significantly enhances automation and operational efficiency while strengthening cost control, providing the core technological empowerment for the large-scale, refined operation of our network.

Computing Infrastructure Layer

The AI and intelligent computing platform layer forms the technical backbone of our architecture, responsible for transforming underlying computing resources into business-level AI services. At this layer, we deploy core components such as a LLM (large language model) gateway, unified computing agent, heterogeneous computing scheduler, and vector database. We also integrate domain-specific fine-tuned models and a MLOps (machine learning operations) lifecycle management system to enable continuous model iteration, efficient deployment, and dynamic optimization of large-scale computing resources. This underpins our upper-layer business functions with stable and efficient intelligent computing support, ensuring that our AI capabilities are deeply embedded into major operational processes.

IoT Layer (Nebula)

The edge IoT and connectivity layer provides the physical link and real-time data exchange between hardware cabinets and cloud systems. Leveraging our Nebula IoT platform, this layer enables unified management of all devices, offering remote control, AI recognition task scheduling, and intelligent maintenance monitoring. Through edge computing, it supports rapid data capture from cabinets — such as cabinet status and camera inputs — real-time recognition, and conversion into operational instructions. This underpins automated on-site retail operations, ensures efficient coordination between cabinets and cloud systems, and guarantees precise and stable execution of cloud-issued commands by all smart devices.

Intelligent Hardware Technologies

The Nebula IoT platform is our self-developed core IoT connectivity and operations platform, designed for key device assets such as smart retail cabinets. It currently supports large-scale access and unified management of over 180,000 devices. Built on a "physical asset foundation," the platform provides secure, stable, and scalable end-to-end capabilities across device connectivity, data governance, asset management, business intelligence, and automated operations, ensuring high device availability and supporting sustained business growth.

At the connectivity level, our secure general-purpose connection layer enables dual-mode 4G/WiFi access and supports more than 19 mainstream industrial device models, achieving standardized access and unified governance across device types and network environments. This ensures stable online performance and reliable data transmission at scale. At the security level, we have established a multi-dimensional security framework based on unique device identifiers and strict multi-step authentication, ensuring trusted device identity, controlled communication channels, and managed access permissions, thereby reducing security risks during access, maintenance, and operations.

For asset management and observability, the platform includes real-time lifecycle monitoring for smart retail cabinets, covering key stages from onboarding and activation to operation, alerting, and deactivation. This enables unified device health management and issue diagnosis, improving fault detection and resolution efficiency. To support rapid business expansion and product iteration, we also provide a flexible device model assortment agent, enabling fast deployment and scalable replication of devices through configurable hardware abstraction and modeling capabilities, significantly shortening the rollout cycle for new device models and scenarios.

For recognition and dispatching, we built a centralized AI recognition orchestration hub that integrates multiple recognition algorithms and model capabilities, enabling unified access, assortment, and scheduling. It also supports scenario-based strategy selection and dynamic switching to enhance recognition stability and adaptability. Additionally, we developed intelligent automated operations and maintenance ("**O&M**") capabilities, enabling full-process management — from issue detection and root-cause diagnosis to task dispatch, result feedback, and closed-loop review — through alerts, automated work orders, and workflow orchestration. This shortens response and repair time, improves device uptime and operational efficiency, and reduces total cost of ownership.

For data visualization, we developed an operation dashboard that aggregates and visualizes device performance, business metrics, and O&M process data across multiple dimensions. It provides monitoring and trend analysis of smart retail cabinet service levels, offering strong data support for operational strategy formulation, resource allocation, and continuous optimization.

RESEARCH AND DEVELOPMENT

R&D team

As of December 31, 2025, we had a dedicated R&D team of 101 members, of whom 25% specialized in AI, algorithms, and data research. Most team members have been with us for more than three years and hold a bachelor's degree or above. The R&D team is responsible for the design, development, maintenance, and optimization of our self-developed technologies and infrastructure, including core business systems such as our Nebula IoT platform and FLOW Pilot agent system. Our R&D expenses amounted to RMB56.1 million, RMB63.7 million, and RMB63.9 million in 2023, 2024, and 2025.

R&D Philosophy

We adhere to the vision of "technology makes life easier," positioning R&D innovation as the core driver of business growth and efficiency enhancement. We continuously identify user pain points and business opportunities across all operational processes and integrate multidisciplinary R&D capabilities, including AI, large models, machine vision, IoT technologies, operations research algorithms, and software engineering, to develop targeted productized and engineered solutions. Through ongoing iteration and optimization, we enhance the experience of end-users.

R&D Process

We have established a standardized and refined R&D process. Unlike traditional IT teams that primarily respond passively to functional requests from business units, our team participates early in business goal-setting, strategy formulation, and planning discussions. By integrating product and technical perspectives into business decision-making, we enable more diversified and efficient execution of business strategies. Our product managers and even R&D testing personnel frequently visit frontline operation staff for on-site communication and research to identify value opportunities. This approach significantly enhances the certainty and efficiency with which R&D resources contribute to achieving actual business objectives.

R&D Collaboration

We apply AI coding extensively throughout our R&D process, enabling intelligent upgrades and significant efficiency gains across the entire development lifecycle. Currently, 40% of functional code is autonomously generated by AI, and this proportion continues to rise rapidly with technological advancement. Leveraging our self-developed product requirements document agent, R&D requirements are efficiently parsed and converted into standardized, programmable technical specifications. Through design-to-code technology, requirement prototypes are automatically transformed into high-fidelity, deployment-ready code, with interfaces and database structures generated simultaneously, significantly shortening development cycles. In front-end development, more than 90% of component creation and layout debugging is completed independently by AI, allowing developers to focus on interaction innovation and core breakthroughs. In back-end development, AI assists throughout the process in building robust and scalable code frameworks following domain-driven design principles and provides expert-level optimization suggestions for complex SQL (Structured Query Language) and system performance, comprehensively enhancing code quality and system stability.

We actively pursue collaboration with leading large-model teams and academic research institutions. We have partnered with The Chinese University of Hong Kong to establish the "Smart Retail Joint Laboratory." Research activities focus on inventory management, product selection optimization, and large model applications, with all outcomes belonging to us. This collaboration strengthens our ability to explore frontier technologies while providing both academic and applied support for the continuous iteration of our core systems.

DATA PRIVACY AND PROTECTION

We place strong emphasis on data privacy and security. To safeguard data and personal information from unauthorized access, disclosure, misuse, modification, damage or loss, we apply a suite of protective measures, including confidentiality provisions, role-based access control, data encryption and data desensitization.

We maintain a rigorous internal control framework governing data security and personal information protection, including *Information Security Policy*, *Data Asset Security Management System*, and *Personal Information Protection System*. In response to data security incidents, we have also established a *Data Security Incident Emergency Initiative* to ensure rapid response and business continuity. Specifically, we implement enhanced protection over sensitive research and development data through a combination of logical network segregation, graded access authorization and centralized approval and monitoring mechanisms. Core research data is maintained within a segregated research network isolated from general office networks and external connectivity, and any cross-network use is subject to formal application, security review and management approval. Access rights are granted strictly on the principle of necessity basis and are aligned with employees' roles and responsibilities. To ensure data compliance and information security across our entire business operations, we have implemented comprehensive data protection measures covering users of our internal management platforms and our consumers.

We deploy multiple technologies to protect the data entrusted to us and maintain a dedicated privacy team responsible for ongoing review, monitoring and enhancement of our security practices. For example, sensitive data is stored and protected through encryption at rest and endpoint security controls, with restrictions on external storage devices and data export. Data transmission involving sensitive information is subject to controlled and auditable channels, and all access and usage activities are logged and periodically reviewed by designated information security personnel to identify any unauthorized or abnormal behavior. We also operate detailed approval workflows that record and monitor access to user data. We conduct routine internal audits of data-access authorizations to confirm that permissions remain strictly limited. For external interfaces, we apply firewalls to guard against potential attacks or unauthorized access. We also maintain geographically-distributed server backups to enhance data resilience and continuity. As a testament to our high standards, we have obtained ISO 27001 and ISO 27701 certifications, and we conduct annual filings under the MLPS (Multi-Level Protection Scheme) for our core information systems. In addition, as of the Latest Practicable Date, we have proactively conducted a personal information protection compliance audit, ensuring the effectiveness of personal information management systems. See "— Environment, Social and Governance — Information Security and Privacy Protection" for more details.

OUR INTELLECTUAL PROPERTY

We believe the protection of our trademarks, copyrights, domain names, trade names, trade secrets, patents and other proprietary rights is critical to our business. We rely on a combination of trademark, fair trade practice, copyright and trade secret protection laws and patent protection, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. We also enter into confidentiality agreements with all of our employees, as well as entering into non-competition agreements with our key R&D personnel and our management team. We rigorously control access to our proprietary technology and information. We have developed proprietary technology, including patented technology, in a range of areas, including smart retail hardware and IoT solutions, system management and user interface, and intelligent algorithms and logistics.

As of December 31, 2025, we had nine issued patents and 50 pending patent applications in China. As of December 31, 2025, we owned 88 software registered copyrights and one domain name in China. As of December 31, 2025, we owned 32 registered trademarks and four trademarks in application in China. We actively defend our material intellectual property rights where possible. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any occasion of unauthorized use of our intellectual property rights by third parties which would have a material impact on our business or operation. We did not have any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

OUR CUSTOMERS

The vast majority of our customers are individual consumers who visit our smart retail cabinets, to whom we offer retail products and with whom we settle transactions directly. Occasionally, our site partners may offer our products to their employees as staff benefits and settle with us directly, in which case these site partners are treated as our customers for settlement purposes. See "— Our POS Development — Collaboration with Site Partners." We also generate revenue from the display of advertisements on the digital screens of our smart retail cabinets or provision of services.

In 2023, 2024 and 2025, the revenue attributable to our five largest customers for each year during the Track Record Period was RMB47.6 million, RMB40.2 million and RMB48.7 million, respectively, accounting for 3.9%, 2.4% and 2.4% of our total revenue for the corresponding year, respectively. The revenue attributable to our largest customer for each year during the Track Record Period was RMB39.7 million, RMB31.0 million and RMB26.4 million, respectively, accounting for 3.2%, 1.9% and 1.3% of our total revenue for the corresponding year, respectively.

For the year ended December 31, 2025

Customers	Products/ services sold	Business relationship since	Credit Term	Payment method	Sales amount	Percentage of total revenue
					(RMB'000)	
Customer A[(1)] . . .	Sales of goods	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	26,354	1.3%
Customer B[(2)] . . .	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	15,934	0.8%
Customer C[(3)] . . .	Advertising and other services	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	2,942	0.1%
Customer D[(4)] . . .	Sales of goods	2024	Monthly payment within 30 days after receiving invoice	Bank transfer	1,836	0.1%
Customer E[(5)] . . .	Advertising and other services	2024	Monthly payment within 5 days after receiving invoice	Bank transfer	1,666	0.1%
Total					**48,732**	**2.4%**

For the year ended December 31, 2024

Customers	Products/ services sold	Business relationship since	Credit Term	Payment method	Sales amount	Percentage of total revenue
					(RMB'000)	
Customer A	Sales of goods	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	30,989	1.9%
Customer B	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	5,657	0.3%
Customer C	Advertising and other services	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	2,491	0.2%
Customer D	Sales of goods	2024	Monthly payment within 30 days after receiving invoice	Bank transfer	691	0.0%
Customer F[(6)] . . .	Advertising and other services	2021	Monthly payment within 30 days after receiving invoice	Bank transfer	400	0.0%
Total					**40,228**	**2.4%**

For the year ended December 31, 2023

Customers	Products/ services sold	Business relationship since	Credit Term	Payment method	Sales amount	Percentage of total revenue
					(RMB'000)	
Customer A	Sales of goods	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	39,657	3.2%
Customer B	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	3,741	0.3%
Customer C	Advertising and other services	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	2,113	0.2%
Customer G[(7)] . . .	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	1,212	0.1%
Customer F	Advertising and other services	2021	Monthly payment within 30 days after receiving invoice	Bank transfer	912	0.1%
Total					**47,635**	**3.9%**

Notes:

(1) Customer A is an investment holding company headquartered in Shenzhen, China, primarily engaged in cross-border logistics and freight and export and import business.

(2) Customer B is a private Internet technology company headquartered in Shenzhen, China, providing communication and social media services.

(3) Customer C is a public company headquartered in Shanghai, China, primarily engaged in the production and sales of food and beverage, investment, enterprise management and consulting.

(4) Customer D is a private company headquartered in Shanghai, China, primarily engaged in technology development, consulting and transfer.

(5) Customer E is a private company headquartered in Shanghai, China, focusing on digital advertisement technology.

(6) Customer F is a private company headquartered in Zhejiang, China, focusing on the application of dynamic visual recognition technology in unmanned retail field.

(7) Customer G is a private company headquartered in Wuhan, China, focusing on the development, production, sales and after-sale services of smart retail cabinets.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. Except for Customer A, all of our five largest customers in each year during the Track Record Period are independent third parties and none of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers in each year during the Track Record Period.

OUR SUPPLIERS

Our suppliers are primarily product suppliers. We have established partnership with major food and beverage companies in China and their distributors. In 2023, 2024 and 2025, the purchases attributable to our five largest suppliers for each year during the Track Record Period were RMB186.1 million, RMB236.0 million and RMB295.5 million, respectively, accounting for 31.5%, 31.1% and 33.3% of our total cost of revenue for the corresponding year, respectively. The purchases attributable to our largest supplier for each year during the Track Record Period were RMB56.0 million, RMB72.9 million and RMB105.7 million, respectively, accounting for 9.5%, 9.6% and 11.9% of our total cost of revenue for the corresponding year, respectively.

For the year ended December 31, 2025

Suppliers	Products/ services purchased	Business relationship since	Credit term	Payment method	Purchase amount	Percentage of total cost of revenue
					(RMB'000)	
Supplier A[1]	Beverages and food	2024	Monthly payment within 30 days after receiving invoice	Bank transfer	105,660	11.9%
Supplier B[2]	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	61,398	6.9%
Supplier C[3]	Beverages and food	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	45,284	5.1%
Supplier D[4]	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	44,226	5.0%
Supplier E[5]	Beverages and food	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	38,900	4.4%
Total					**295,468**	**33.3%**

For the year ended December 31, 2024

Suppliers	Products/ services purchased	Business relationship since	Credit term	Payment method	Purchase amount	Percentage of total cost of revenue
					(RMB'000)	
Supplier F[6]	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	72,857	9.6%
Supplier B	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	62,455	8.2%
Supplier E	Beverages and food	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	36,119	4.8%
Supplier G[7]	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	33,370	4.4%
Supplier H[8]	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	31,174	4.1%
Total					**235,975**	**31.1%**

For the year ended December 31, 2023

Suppliers	Products/ services purchased	Business relationship since	Credit term	Payment method	Purchase amount	Percentage of total cost of revenue
					(RMB'000)	
Supplier B	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	56,046	9.5%
Supplier F	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	50,355	8.5%
Supplier E	Beverages and food	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	31,315	5.3%
Supplier I[9]	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	25,889	4.4%
Supplier J[10]	Beverages and food	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	22,459	3.8%
Total					**186,064**	**31.5%**

Notes:

(1) Supplier A is a public company headquartered in Zhejiang, China, primarily engaged in the production and sales of beverage products.

(2) Supplier B is a public company headquartered in Shanghai, China, primarily engaged in the production and sales of food and beverage, investment, enterprise management and consulting.

(3) Supplier C is a private company headquartered in Beijing, China, primarily engaged in the production and sales of beverage products.

(4) Supplier D is a company incorporated in the Cayman Islands with limited liability, primarily engaged the manufacturing and export of beverage products.

(5) Supplier E is a Hong Kong-based company with limited liability, primarily engaged in the manufacturing, sales and distribution of beverage products.

(6) Supplier F is a private company headquartered in Shanghai, China, primarily engaged in the sales of prepackaged food.

(7) Supplier G is a private company headquartered in Anhui, China, primarily engaged in the sales of prepackaged food.

(8) Supplier H is a private company headquartered in Shanghai, China, primarily engaged in the sales of food.

(9) Supplier I is a private company headquartered in Shanghai, China, primarily engaged in the sales of food.

(10) Supplier J is a Hong Kong-based company with limited liability, providing supply chain services, brand operation services and smart retail services.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major suppliers. All of our five largest suppliers in each year during the Track Record Period are independent third parties and none of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest suppliers in each year during the Track Record Period.

Salient Terms of the Materials Agreements with Suppliers

The salient terms of the materials agreements between suppliers and us are summarized as below:

- ***Term***. The Merchandises Procurement Agreement (the "**Agreement**") is effective from the date of execution and shall remain valid until the expiration date specified in the Agreement. Quality assurance terms or agreements remain valid until the expiration of the warranty period for all delivered products.
- ***Delivery and Acceptance***. The supplier shall utilize dedicated vehicles that comply with food transportation requirements to deliver all products specified in the purchase order to the designated delivery location. In the event of failure to deliver or delay in delivery, the supplier shall bear liability for breach of contract. Upon delivery, our receiving personnel shall verify the quantity, shelf life, appearance, and other relevant attributes of the products within two business days.
- ***Payment Terms***. Payment shall be made within the stipulated time frame following receipt of a valid VAT invoice.

- ***Liability for Breach***. In the event that the products delivered by the supplier fail to meet the prescribed quality standards, we shall be entitled to require the supplier to assume liability for quality-related breaches. Where such non-conforming products cause personal injury, property damage, or other losses to customers or other third parties, we shall be entitled to require the supplier to fully indemnify us for all losses incurred.
- ***Supplier Grading and Elimination***. We conduct quantitative assessments and dynamic grading of suppliers based on core performance indicators, including order fulfillment rate, gross margin contribution, on-time delivery rate, product quality, and fee contribution. Suppliers are subject to a merit-based selection and elimination process based on such ratings.

Procurement

Procurement for Products

Regarding our procurement of new products, we follow a standardized process that is collaboratively completed by our product operations, procurement, supply chain and other departments. The process begins with category planning and product selection, followed by sampling submission and review. Products that pass the initial review are then evaluated at a New Product Meeting for a formal introduction decision. Upon approval, the products undergo quality inspection and filing, and subsequently product learning before being formally onboarded, ensuring that all introduced products meet market demand and quality control requirements.

Once a product has been confirmed for introduction, our inventory replenishment and procurement operations are executed entirely through our proprietary algorithm-powered intelligent decision system. Integrating key metrics including warehouse and in-transit inventory levels, forecasted daily sales, inventory turnover days, and minimum order quantities, our Opti Pilot system directly generates suggested order quantities for each procurement cycle.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best of our knowledge, certain of our major customers were also our suppliers, and certain of our major suppliers were also our customers.

Customer C/Supplier B, one of our five largest customers in each year of the Track Record Period, was also one of our five largest suppliers in each year during the Track Record Period. We primarily provided Customer C with advertising and other services, while we procured beverages and food from it. In 2023, 2024 and 2025, Customer C/Supplier B contributed to (i) RMB2.1 million, RMB2.5 million and RMB2.9 million of our revenue, respectively, representing 0.2%, 0.2% and 0.1% of our total revenue in the same years; and (ii) RMB56.0 million, RMB62.5 million and RMB61.4 million of our purchase amounts, respectively, representing 9.5%, 8.2% and 6.9% of our total cost of revenue in the same years.

Supplier G, one of our five largest suppliers in 2024, was also our customer in 2024 and 2025. We procured beverages and food from Supplier G, while we provided it with advertising and other services. In 2023, 2024 and 2025, revenue from Supplier G amounted to nil, RMB0.2 million and RMB0.4 million, respectively, contributing to less than 0.1% of our total revenue in 2024 and 2025. Our purchases attributable to Supplier G, which were limited to 2024, amounted to RMB33.4 million, representing 4.4% of our total cost of revenue in that year.

According to Frost & Sullivan, it is common in the smart retail cabinet operation industry for customers and suppliers to overlap. Our Directors confirmed that negotiations of the terms of our sales to and purchases from such overlapping customers and suppliers as both of our customers and suppliers were conducted on an individual basis and as a result, the sales and purchases were neither connected with nor conditional upon each other. All of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse Management

We have established a comprehensive multi-tier logistics network comprising 43 regional warehouses, over 800 front warehouses, and our network of smart retail cabinets, supported by a fleet of over 400 delivery drivers. Central to our operations is Work Pilot, which integrates real-time data from our IoT platform, including inventory levels, demand forecasts, traffic conditions, and personnel availability, to optimize delivery routes, task assignments, and resource allocation, and to coordinate the movement of products from regional warehouses through front warehouses to our smart retail cabinets. Underpinning Work Pilot is our end-to-end intelligent logistics suite comprising an OMS, a TMS, and a driver-side application, all integrated with a WMS, enabling 24-hour fulfillment capabilities, on-demand replenishment, and full-process visualization of logistics orders. Through continuous algorithmic optimization, our warehousing and logistics expenses as a percentage of revenue decreased from 3.6% in 2023 to 3.0% in 2025.

Our inventory management system enables intelligent replenishment and intelligent inventory reallocation, and efficiently and effectively controls inventory loss risk. For intelligent replenishment, our system integrates multi-dimensional data inputs, including historical sales patterns, seasonal cycles, terminal storage capacity, and promotional activities, to generate precise demand forecasts. While maintaining product variety and new product introduction frequency that significantly exceed industry benchmarks, we have continuously reduced our stockout loss ratio over the past three years. For intelligent inventory reallocation, our system employs a distributed mesh topology to proactively identify slow-moving inventory or near-expiry products, and redistribute them to high-demand locations through proximity replenishment and transshipping, thereby maximizing inventory turnover efficiency. Combined with our operational cost early warning mechanisms, this approach enables us to continuously optimize inventory loss levels while enhancing operational compliance and profitability.

Equipment Operation and Maintenance Management

Our maintenance operations are underpinned by our proprietary Nebula (星雲) IoT platform, which provides full-chain operations and maintenance capabilities, including centralized remote monitoring, intelligent diagnosis, self-recovering, and work order management across our network of over 180,000 smart retail cabinets.

Before faults arise, the platform predicts hardware failure risks with 98% accuracy through real-time collection and analysis of equipment operating metrics. Where faults do occur, the platform first attempts automated resolution. For common faults such as software unresponsiveness and network instability, it conducts self-recovering, then issues repair commands and monitors self-recovering to completion without human intervention, achieving a self-recovering rate of up to 65%. When equipment anomalies are detected, the platform automatically generates optimal dispatch plans based on fault severity, technician location, and skill matching, reducing average maintenance response times to within two hours.

To support rapid deployment, we maintain regional spare parts repositories in key cities, and our maintenance model integrates supplier teams with an in-house maintenance engineer team, with internal engineers handling 58% of repair orders as of December 31, 2025, resulting in a 30% reduction in labor costs and a 30% shortening of maintenance time. Beyond fault management, each smart retail cabinet is also tracked via a unique device identification code and GPS alert system, providing real-time location visibility across our dispersed network, with any unauthorized movement triggering an immediate alert and field response.

Supported by this comprehensive intelligent maintenance system, the average availability rate of our smart retail cabinets remains steadily around 98%, minimizing operational losses and ensuring continuous, reliable operation across our entire network.

CUSTOMER SERVICES SYSTEM

Unmanned retail requires prompt responses to consumers' inquiries, complaints, and service requests at any time, promoting customer services as a critical component of the unmanned retail service loop. We have established a comprehensive, multi-channel customer service system through a combination of self-built capabilities and integration of external partners' customer service resources, facilitating channels like hotlines, WeChat mini-program, and enterprise WeChat. We have developed nearly 200 standardized service procedures to ensure 24/7 responsiveness, with our 30-second call connection rate exceeding 95% in 2025. The deployment of AI-powered tools, including intelligent customer service chatbots, has significantly enhanced our service efficiency. As of December 31, 2025, our AI chatbot processes approximately 10,000 customer inquiries or requests per month.

We have established internal procedures for handling customer complaints, which include prompt acknowledgment of complaints, investigation of the underlying cause, and implementation of corrective measures where appropriate. During the track record period, we did not receive any material customer complaints that resulted in significant compensation payments or regulatory action, and no enhanced internal control measures were required to be implemented as a result of customer complaints.

QUALITY CONTROL

We place great emphasis on the quality of both the product provided through our smart retail cabinets and its operational performance. To ensure the high quality and safety of products sold to our consumers and site partners, we have implemented stringent screening procedures and monitoring mechanisms throughout our operations.

Product Quality Control

Our procurement and product department, comprising regional procurement teams and senior management, oversees a high-standard supplier management system to strictly control the sourcing of pre-packaged products. During the Track Record Period, we did not experience any material product liability claims or regulatory actions that would have a material adverse effect on our business.

- ***Supplier Screening and Onboarding***. We verify all required licenses and permits, including business licenses, food production or operation permits, and tax registration certificates, before entering into procurement agreements with potential suppliers. For example, we require suppliers to provide third-party quality inspection reports issued within the last 12 months.
- ***Contractual Quality Assurance***. Our standardized procurement agreements clearly define delivery and inspection standards. Suppliers are required to pay a quality bond to ensure compliance with our quality requirements.

- ***Systematic Inventory and Shelf-Life Management***. We implement strict shelf-life controls on products, setting minimum remaining shelf-life thresholds for warehouse intake based on the shelf life of different product categories. Our city operation teams also conduct routine on-site inspections, carrying out periodic audits of on-shelf inventory to prevent problematic products from being stocked in our smart retail cabinets.
- ***Product Liability and Complaint Handling***. For customer complaints arising from near-expiry, expired, damaged, or quality-defective products, we have established a comprehensive, standardized handling mechanism.

Our platform automatically generates early warnings for near-expiry risks, enabling us to take swift action through inventory redistribution, promotional clearance, and other measures. Upon receiving a quality-related complaint, our customer service team follows an evidence-based claims settlement process, immediately locking the affected cabinets for a full inventory audit and, where necessary, initiating a batch-level product recall. We also maintain certain recourse mechanisms to hold suppliers accountable under our procurement agreements, ensuring comprehensive operational compliance and consumer safety.

Smart Retail Cabinet Quality Control and Maintenance

We ensure the reliability and longevity of our smart retail cabinets through a combination of professional technical support and real-time IoT monitoring.

- ***Equipment Selection and Admission Standards***. For the selection and procurement of our smart retail cabinets, we generally maintain a minimum of three qualified suppliers to ensure pricing competitiveness and supply stability. We conduct rigorous reviews of each supplier's qualifications to verify their legal and regulatory compliance situations. In addition, we have established comprehensive internal quality inspection standards to ensure the reliability and consistency of equipment delivered to our cabinet network.
- ***IoT-Driven Remote Monitoring***. Leveraging our proprietary IoT management platform, our operation and maintenance engineers monitor critical operational metrics in real-time, including order volume, device online status, door-opening success rates, and transaction settlement times.
- ***Automated Malfunction Detection, Recovery and Dispatch***. Our cabinets feature built-in diagnostic tools that automatically scan hardware and network connectivity. Upon identifying any malfunction, the system automatically conducts self-recovering, generates work orders and sends notifications to responsible personnel or manufacturers to ensure timely repair.

Refund Policy

We are committed to providing a high-quality shopping experience for our consumers and have established a comprehensive refund mechanism. Consumers who purchase products from our smart retail cabinets may submit a refund request to us through the customer service portal in our mini program under any of the following circumstances: (i) a discrepancy between the actual charge and the product retrieved; (ii) a discrepancy between the actual charge and the listed price; (iii) a quality defect in the products; or (iv) a charge incurred without the retrieval of products.

Our customer service team will process such refund requests in a timely manner upon receipt of the application and verification of the relevant transaction records and equipment monitoring data. During the Track Record Period, our total refund amounts were approximately RMB0.4 million, RMB0.5 million, and RMB0.6 million in 2023, 2024 and 2025, respectively. Such refund amounts accounted for an insignificant portion of our total revenue during the respective periods and did not have any material adverse impact on our overall business, financial position, or results of operations.

SEASONALITY

Our business and results of operations are subject to seasonal and cyclical fluctuations, which are primarily driven by varying consumer demands across different scenarios, weather conditions, and holiday effects. For example, we typically experience higher sales volume during the summer months due to increased demand for cold drinks, while such demand tends to decrease in winter. In addition, our smart retail cabinets located in enclosed settings may see a decrease in sales during public holidays, while public spaces such as leisure and entertainment venues tend to experience peak sales during these periods.

We proactively adjust our product strategies and supply chain arrangements in response to such fluctuations, including planning in advance to increase brand diversity or introduce seasonal-appropriate categories to meet evolving consumer demand. Our algorithms strategically reduce overall inventory levels during off-peak seasons. Our operating cost structure also demonstrates significant resilience against such fluctuations. Our major operating costs are either volume-based on a per-unit basis or calculated as a proportion of sales, which limits the impact on our financial performance when overall sales fluctuate.

EMPLOYEES

As of December 31, 2025, we had a total of 821 full-time employees and all of them are based in China. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2025:

Function	Number	Percentage (%)
Operational Support	365	44.5
Sales and Marketing	307	37.4
Research and Development	101	12.3
Administrative Management	48	5.8
Total	**821**	**100.0**

Attracting, retaining and motivating qualified employees are instrumental to our success. We recruit employees through recruitment channels such as online job boards, job fairs and recruitment events, employee referrals and recruitment agencies. We endeavor to motivate our employees by providing competitive salaries and comprehensive welfare packages.

We have established a labor union, which actively oversees our recruitment and provides our employees with various training programs to enhance professional skills and personal benefits. Furthermore, we have implemented a formal communication mechanism between the union and management through regular meetings, complemented by online and offline employee suggestion channels to ensure effective grievance redressal and feedback.

We believe that we have a good working relationship with our employees. During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for some of our employees as required by the relevant PRC laws and regulations. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable

PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any plans or arrangements by the competent authorities to retroactively centralized collect social insurance and housing provident fund contributions for the Track Record Period, and we have obtained certificates of compliance in respect of social insurance and housing provident fund contributions covering the Track Record Period. As advised by our PRC Legal Advisor, based on the above circumstances and taking into account the current regulatory policies and the prevailing regulatory stance of the competent authorities in PRC, and in the absence of complaints from our employees or third parties or any regulatory notices or enforcement actions issued by the relevant authorities, the risk of us being subject to collection of historical shortfalls and material administrative penalties by the relevant competent human resources and social security authorities and housing provident fund authorities in PRC in relation to social insurance and housing provident fund contribution matters during the Track Record Period is remote. See "Risk Factors — Risk Relating to Legal, Compliance and Regulatory Matters — Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor-related regulations and rules may subject us to fines and other legal or administrative sanctions."

COMPETITION

The smart retail cabinet operation industry in Chinese Mainland is fragmented and has witnessed rapid growth in the past few years. According to Frost & Sullivan, the size of the smart retail cabinet operation market in Chinese Mainland in terms of installed base increased from 91.4 thousand units in 2021 to 855.3 thousand units in 2025, with a CAGR of 74.9% during the period, and is expected to reach 3,506.6 thousand units by 2030, representing a CAGR of 32.6% from 2025 to 2030. In terms of GMV, the market size of smart retail cabinet operation increased from RMB2.0 billion in 2021 to RMB20.3 billion in 2025, with a CAGR of 78.5% during the period, and is expected to reach RMB68.9 billion in 2030, representing a CAGR of 27.7% from 2025 to 2030, according to Frost & Sullivan. In 2025, we ranked first in the smart retail cabinet operators, in terms of both the installed base of smart retail cabinets and GMV, according to the same source. See "Industry Overview" for more details.

Our major competitors include traditional vending machine operators, emerging smart retail cabinet operators, and beverage and packaged food brands that deploy their own self-operated smart retail cabinets. We believe our scale and density, strategic focus on light-traffic scenarios, algorithm-driven automated decision-making, directly-operated model, leading site development capabilities, efficient distributed network and experienced management team give us competitive advantages. See "— Our Strengths."

PROPERTIES

As of the Latest Practicable Date, we did not own any property but had 59 leased properties which were material to our operations in China with an aggregate GFA of approximately 13,737.6 square meters, mainly used as office premises and warehouses. The leases generally have a term ranging from one year to five years. We will consider the renewal of the leases upon their expiry.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, among the aforementioned 59 leased properties, 13 of which had not been registered with the relevant PRC government authorities. Our PRC Legal Advisor has advised that the lack of registration does not affect the validity or enforceability of the lease agreements under PRC law. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We will continue to make our best efforts to coordinate with our lessors to facilitate the registration of all unregistered lease agreements with the competent authorities and will continue to monitor compliance with applicable PRC property leasing laws and regulations. As of the Latest Practicable Date, among the aforementioned 59 leased properties, the lessors of nine leased properties used as our offices and warehouses had not provided copies of the real property title certificates or lessor's authorization documents to us. If the lessors are not entitled to lease the properties to us and the owners of such properties decline to ratify the lease agreements between us and the lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. Considering that (i) as of the Latest Practicable Date, we had not received any notices requiring us to cease our use or move out of such leased properties, and (ii) in accordance with the relevant provisions of the PRC Civil Code, if we are unable to use or accrue proceeds from the leased property due to any claim by a third person, we may request reduction of rent or refuse to pay rent, our Directors are of the view that such incidents will not have a material adverse impact on our continuous operation, financial condition and results of operations.

INSURANCE

As of the Latest Practicable Date, we maintained insurance policies relating to our business operations. In addition to the social insurance as required by relevant laws, we maintain employer's liability insurance for our employees at the director level and above and for our field staff. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. See "Risk Factors — Risks Relating to Our Operation — We have limited insurance coverage, which could expose us to significant costs and business disruption." During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claim.

LICENSES, PERMITS AND REGULATORY APPROVALS

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals from relevant government authorities that are material to our business operations in Chinese Mainland, primarily including Filings for Food Operation for Selling Pre-Packaged Food Only (食品經營僅銷售預包裝食品備案) for our Company and our subsidiaries. As of the Latest Practicable Date, such requisite licenses, permits and approvals remained in full effect, and no circumstances existed that would render their revocation or cancellation. As advised by our PRC Legal Advisor, there is no material legal impediment to renewing such requisite licenses, permits and approvals.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

According to our PRC Legal Advisor, as of the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, results of operations or financial condition, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial condition.

Compliance

According to our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any incidents that led to fines, enforcement actions or other penalties that could have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We believe that Environmental, Social and Governance ("**ESG**") is essential to our sustainable development. In compliance with ESG-related policies, we have established a sound ESG management system, deeply integrated the concept of sustainable development into daily operations and strategic planning, proactively promoted ESG tasks, and continuously improved our sustainable development capabilities.

ESG Governance

We have established the *Environmental, Social and Governance System* and implemented a three-level ESG governance framework comprising the Board, the ESG Management Team and respective business departments. This framework ensures that the ESG philosophy is integrated throughout all levels of our strategic planning, daily operations, and business execution.

The Board serves as the highest-level decision-making and oversight body for our ESG matters. It bears overall responsibility for setting the ESG strategic direction and reviewing significant issues. Its main duties include: (i) setting ESG strategic objectives and development directions, as well as ensuring ESG considerations are integrated into major business decisions and long-term planning; (ii) identifying, assessing, and overseeing significant ESG-related risks and opportunities, while considering their potential impact in the context of material transactions or strategic changes; (iii) reviewing ESG progress and performance periodically and receiving ESG-related reports at least once annually; and (iv) reviewing and approving ESG-related policies and systems and overseeing the attainment of corresponding targets.

At the management level, the ESG Management Team, chaired by the financial director, is responsible for the overall coordination and implementation of ESG initiatives. The main responsibilities of the ESG Management Team include: (i) formulating and improving ESG-related management systems to ensure the effective implementation of the Board's decisions; (ii) coordinating the integration and analysis of ESG data across departments and monitoring progress against key performance indicators ("**KPIs**"); (iii) identifying and assessing ESG risks in operational processes and organizing the development and implementation of risk response and improvement measures; and (iv) reporting ESG performance and improvement recommendations to the Board on a regular basis.

Functioning as ESG implementation units, the functional departments serve as the operational layer for ESG initiatives and are responsible for translating ESG requirements into concrete daily operations. Based on their respective business characteristics, each department develops corresponding operating procedures and standards, executes tasks assigned by the ESG Management Team, provides timely feedback on progress, and drives the continuous optimization and improvement of the ESG management system.

ESG Risk Management

In the context of evolving consumption trends and accelerated technological innovation, we begin with our business fundamentals and consider regulatory guidance, [**REDACTED**] expectations, community concerns, and industry characteristics. We identify material ESG topics relevant to our company and integrate them into the entire chain of corporate governance, product design, supply chain management, and customer service.

Material ESG Issues	Potential Risks and Opportunities	Response Measures
Food Safety and Hygiene	• Compromised food safety could harm consumer health, damage brand reputation, and lead to legal liabilities. • Leveraging our digital operational capabilities to enhance food safety control can strengthen consumer trust.	• Establish stringent mechanisms for supplier onboarding and shelf-life management. • Utilize digital capabilities for batch registration and expiration-date alerts. • Enhance warehouse supervision and staff training to build a comprehensive end-to-end safeguard system.
Information Security and Privacy Protection	• Our core business involves scan-to-pay transactions, member information, and consumption records. Data breaches or cyber-attacks could compromise customer privacy and disrupt business operations. • Strengthening data security can increase customer trust, ensure operational stability, and position us as an industry benchmark for compliance and technology.	• Refine the information security-related policy framework and establish a clear, hierarchical management system with emergency response plans. • Deploy core systems on secure cloud platforms with measures such as encryption and anonymization. • We have obtained ISO 27001, ISO 27701, and Level 3 Cybersecurity Classification Protection certifications.

Material ESG Issues	Potential Risks and Opportunities	Response Measures
Addressing Climate Change	• Our unmanned retail business relies on refrigeration, lighting, networking, and replenishment logistics, making equipment energy consumption a significant environmental issue. Extreme weather events may also cause equipment failure and operational disruption. • By improving energy efficiency and reducing consumption, we can lower operating costs. Meanwhile, developing low-carbon products and services allows us to lead green consumption trends and capture market opportunities.	• Establish an emergency response mechanism for extreme weather and build a green operations framework. • Apply digital technologies within our supply chain to optimize inventory and routing, thereby enhancing efficiency. • Implement IoT and AI solutions for intelligent temperature control and lighting at the cabinet level, conduct new energy pilots, and advance our low-carbon transition.
Responsible Supply Chain Management . .	• Building a responsible and sustainable supply chain enhances operational resilience, optimizes costs, creates synergistic value, and generates opportunities for our business.	• Implement rigorous supplier qualification reviews and monthly performance evaluations, requiring corrective action or contract termination for non-compliant suppliers.
Human Capital Development . .	• Attracting, retaining, and motivating a diverse workforce drives innovation and enhances employee productivity and loyalty.	• Uphold fair employment practices and improve our diversity and anti-discrimination policies. • Develop a tiered and categorized training system. • Offer competitive compensation and benefits, provide multiple communication channels, and promote employee well-being and work-life balance.

Material ESG Issues	Potential Risks and Opportunities	Response Measures
Business Ethics . .	• Adhering to high ethical standards helps us earn the long-term trust of partners and investors, ensuring stable and compliant business growth.	• Establish systems such as the Anti-Bribery and Anti-Corruption Compliance Policy, which outlines our "Ten Prohibitions" principle. • Require employees and business partners to sign integrity agreements and conduct company-wide anti-corruption training. • Maintain independent whistleblowing channels and a related reward mechanism.

Green Operations

We deeply integrate the philosophy of green development into every critical stage of our end-to-end value chains. Within our supply chain, we leverage digital technologies such as big data analytics, AI, and the IoT to enhance efficiency across key areas including supply chain management, inventory replenishment, and logistics coordination. This continuously improves operational efficiency, reduces energy consumption, and advances our goals in energy conservation, emission reduction, and sustainable development. In our warehousing operations, our WMS enables service providers to manage warehousing processes entirely online. Through intelligent inventory forecasting and optimized stock replenishment, we have reduced the average product turnover cycle, cutting warehousing space requirements and energy usage. On the distribution front, our TMS facilitates dynamic route planning. It matches available transportation capacity with delivery requirements in real-time and continuously optimizes delivery routes. We maintain an optimal baseline vehicle loading rate under normal operating conditions, which scales up significantly during peak business periods and achieves maximum capacity utilization during extreme peak times, reflecting our overall high level of vehicle-loading utilization efficiency. We plan optimal no-return routes based on outlet distribution and traffic conditions, effectively reducing empty mileage and energy consumption while improving delivery efficiency. Simultaneously, we have fully adopted reusable plastic transfer containers across our transit network, replacing traditional cardboard boxes. Additionally, we centrally collect used product cartons and paper fillers and send them to certified recycling partners for resource recovery and closed-loop processing.

In cabinet operations, we utilize IoT and AI integration to enable scenario- and time-based remote temperature control and automatic brightness adjustment for smart retail cabinets. During low-traffic periods, compressors can enter a low-power or idle state, and LED lighting can be remotely deactivated during non-operational hours. These measures result in a substantial reduction in average daily energy consumption compared to conventional equipment, significantly lowering both operating costs and greenhouse gas emissions. Meanwhile, we are piloting a new-energy smart retail cabinet model. Each unit is equipped with integrated rooftop photovoltaic panels and a complementary energy storage system, designed to prioritize on-site consumption of self-generated electricity with surplus power stored for later use. This design limits the daily energy consumption per cabinet to a low level and ensures continuous autonomous operation over an extended period under extreme overcast or rainy conditions. We view this pilot as a promising pathway for our green operations strategy, with the potential to support broader low-carbon initiatives in the future.

In office operations, we strive to minimize our environmental impact through behavioral initiatives and regular oversight. Reminder signs are posted at light and power switches to encourage the practices such as "lights off when leaving" and to enforce a power management responsibility system for individual workstations. Employees are encouraged to conserve water and promptly address any instances of waste or equipment leakage. Dedicated recycling bins for used batteries are provided in office areas to ensure proper collection and disposal of such waste. Additionally, reminders are placed near printing equipment to promote double-sided printing, enhancing the efficiency of our resource utilization.

In 2023, 2024 and 2025, our resource usage and waste data are set out in the table below:

	For the Year Ended December 31,		
	2023	**2024**	**2025**
Electricity Consumption (Thousands of kWh)	80,837.46	102,718.56	138,794.91
Water Consumption (Tons)	3,448	3,644	3,563
Waste			
Hazardous Waste (Kilogram)	23	27	22
Non-Hazardous Waste - Office paper (Kilogram)	924	1,111	1,022
Non-Hazardous Waste - Packaging Paper (for Goods) (Kilogram)	N/A[(1)]	2,842,875	3,043,533

Note:

(1) Relevant data for the year is not available.

Information Security and Privacy Protection

In strict compliance with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *Personal Information Protection Law*, we have established and enforce internal policies including the *Compilation of Information Security Management Systems*, the *Provisions on the Secure Use of Information Systems*, the *Personal Identifiable Information Management Procedures*, and the *Information Security Risk Management Procedures*. These policies define comprehensive process management requirements, including data classification, access control, backup of critical information, and encrypted transmission. We have established a clear, tiered information security responsibility and governance framework. The Information Security and Privacy Management Committee, chaired by the CTO and comprising the CEO and COO, is responsible for overseeing major emergency decisions and issuing directives. A dedicated task force operates under this committee to ensure the implementation and coordinated execution of these directives. Our core business systems are hosted on Tencent Cloud and are built upon its infrastructure, adhering to the "Cloud Shared Responsibility Model." We extensively utilize Tencent Cloud's security features, including VPC (Virtual Private Cloud) logical isolation, Web Application Firewalls, and distributed DDoS protection, to block external threats at the network perimeter. On premises, we maintain only essential access to equipment, while enforcing dual-factor physical access controls and undergo regular inspections. Together, these measures establish a comprehensive, multi-layered "cloud and edge" defense strategy.

In protecting personal information, we commit to collecting only the data necessary for our business operations and do so only with users' explicit consent. We have established and maintained a security management system that spans the entire data lifecycle. By implementing key technical measures such as anonymization, de-identification, and encryption for both data in transit and at rest, we continuously enhance our data protection capabilities. Furthermore, we have formulated and enforced standardized procedures covering every stage of personal information handling, including collection, use, storage, and deletion — to ensure the security and regulatory compliance of all our data processing activities.

To date, we have obtained Cybersecurity Level Protection (Level 3) certification and passed the corresponding evaluation for smart retail management system. We have also achieved ISO 27001 and ISO 27701 certifications for our information security and privacy management systems, with the former ISO 27001 covering information security management across the full development and operational lifecycle of our smart retail management software. In addition, as of the Latest Practicable Date, we have conducted a personal information protection compliance audit. All of our internally-developed business systems are included within the scope of the Level Protection assessment and consistently meet annual compliance standards. Furthermore, we conduct regular internal audits and third-party penetration tests on information security to ensure that our protective capabilities remain dynamically robust and leading amid rapid business iterations. In 2023, 2024, and 2025, we did not experience any incidents of customer privacy leakage, and our information security management system has operated stably and effectively.

Food Safety and Hygiene

We place the highest priority on food quality and safety. We strictly adhere to relevant laws and regulations, including the *Food Safety Law of the People's Republic of China*, and implement rigorous shelf-life and warehousing management protocols to ensure consumers enjoy a consistently fresh and safe food experience. During procurement, we enforce stringent standards for the remaining shelf-life of incoming goods and contractually bind our suppliers to these requirements. For shelf-life management, we have established a robust digital system that facilitates strict batch registration and ongoing expiration monitoring. This system enforces the first-in, first-out ("**FIFO**") principle and automatically generates differentiated alerts based on each product's specific shelf-life, prompting timely operational tasks. These integrated measures ensure all food is sold well within its expiry date, effectively preventing any expired products from reaching the market.

In daily warehousing operations, we have established clear standards and conduct regular supervision, inspections, and sanitation maintenance at both our central and front-end warehouses to ensure the storage environment consistently meets food safety requirements. Furthermore, we actively promote food safety awareness through training and ensures responsibility is clearly assigned at each operational level. This strengthens our front-line staff's ability to monitor and control product quality details, thereby building a comprehensive food safety assurance system that spans the entire chain from procurement and warehousing to sales.

Customer Service and Consumer Rights Protection

Guided by a user-centric approach to problem-solving, we have established three core customer service channels: an exclusive WeChat Enterprise Account channel, a national 400 hotline, and a self-service center within our official WeChat mini-program. Utilizing digital tools and standardized processes, we ensure every business inquiry and customer feedback is handled with professionalism and efficiency. In protecting the legitimate rights and interests of all stakeholders, we continually strive to enhance the user experience at every touchpoint.

Exclusive WeChat Enterprise Account Channel	Provides "minute-level" responses for high-frequency business-to-business ("**B2B**") scenarios such as product warranties, equipment maintenance, and fulfillment settlements. It utilizes a localized intelligent dispatch system to enhance resolution efficiency.
400 National Hotline	Offers an accessible voice service for consumers, focusing on order disputes and food safety inquiries. It operates on a dual-track system, providing 24/7 support through both live agents and intelligent response.
Official WeChat Mini-Program Self-Service Center	Handles approximately 50% of routine inquiries. An AI chatbot provides instant answers to common questions like refund policies, while complaint data is analyzed to drive business improvements, shifting our service model from reactive to proactive.

We have established procedures for handling general customer complaints as well as emergency response and prevention protocols for major incidents. These measures standardize the process for addressing consumer rights infringements in our unmanned retail business, such as those caused by shipping expired goods, damaged packaging, or spoiled products.

Supply Chain ESG Management

A stable, well-managed supply chain and consistent product quality are fundamental to our operations. We implement rigorous qualification reviews during the supplier onboarding process, focusing on verifying critical documents such as business licenses, brand authorizations, and third-party food safety test reports to safeguard food safety and quality from the outset. We conduct monthly performance evaluations of our suppliers, assessing key dimensions including product quality, delivery timeliness, and compliance to ensure a fair and impartial assessment process. For suppliers rated as C or D, our procurement team promptly engages with them to develop written corrective action plans, complete with clear timelines and designated responsible persons. We then track the implementation of these plans and conduct follow-up reviews. For partners that fail to improve or pose significant compliance risks, we terminate the cooperation in accordance with established procedures and provide detailed feedback to support their improvement efforts. Our supplier base primarily comprises established brands and mature distributors with reliable supply capabilities. In 2023, 2024, and 2025, we worked with 353, 423, and 431 suppliers, respectively. Looking ahead, we plan to progressively integrate ESG factors — such as environmental performance, labor rights, and business ethics — into our supplier selection and evaluation criteria. This initiative aims to guide our partners in adopting greener operational practices and to jointly foster a sustainable and resilient supply chain ecosystem.

Employee Management

We respect and uphold the right to equal employment opportunities for all candidates. In all stages, from recruitment and hiring to career development, our hiring and advancement decisions are based solely on merit and job-related criteria. We are committed to providing equal opportunities regardless of ethnicity, race, gender, religious belief, geographic origin, age, or physical condition. We are dedicated to fostering an open, fair, and inclusive workplace. We continually refine our diversity and anti-discrimination policies to ensure employees can advance in their careers based on their abilities and contributions within an equitable framework. For the years 2023, 2024, and 2025, our employee demographics categorized by gender, employment type, and job level are set out as follows:

	For the Year Ended December 31,		
	2023	**2024**	**2025**
By Gender			
Male	514	505	532
Female	278	267	289
By Employment Type			
Full-Time	792	772	821
Part-Time	–	–	–
By Job Level			
Senior Management	35	35	35
Middle Management	98	88	94
Junior/Frontline Staff	659	649	692
Total	**792**	**772**	**821**

We are dedicated to establishing a tiered and targeted talent development framework, designed to provide clear and tailored growth pathways for employees at different career stages and with diverse strengths. We have developed an online learning platform and an internal trainer pool to offer a systematic curriculum covering corporate culture, management policies, job-specific skills, and business processes. Moreover, new employees quickly acclimate to their roles through standardized onboarding programs, while those in their professional development phase receive specialized skills training tailored by their respective departments to ensure their capabilities align closely with role requirements. For both current managers and high-potential employees identified as future leaders, we offer dedicated management and leadership development programs designed to strengthen strategic thinking and leadership competencies. Additionally, we have implemented an incentive program where employees can accumulate redeemable points for participating in training, engaging in self-directed learning, or serving as mentors. This system is designed to continuously foster a culture of learning and professional growth.

We have established a compensation structure that balances external market competitiveness with internal equity. Adhering to the principle of "pay is determined by position and adjusted with role changes," we determine individual compensation based on a combination of role value, job performance, and personal capability. Regarding employee care and benefits, in addition to fulfilling our legal obligations, such as contributing to the statutory social insurance and housing fund and honoring all public holidays, we offer supplementary benefits including team activity allowances, festival/holiday benefits, regular health check-ups, and birthday celebrations. We also provide housing and transportation allowances, grant home-visit leave for employees on out-of-town assignments, and award additional paid leave to top performers as a form of recognition.

To foster open communication, we have established multiple channels through which employees are encouraged to share their opinions and suggestions at any time. These include CEO onboarding roundtables, executive 100-day forums, and dedicated staff feedback boxes, ensuring employee voices are heard effectively. In 2024, the overall score of our employee engagement and workplace climate survey reached 4.63 out of 5. Furthermore, we organize a variety of corporate cultural activities and staff interest groups to promote work-life balance and continuously strengthen employees' sense of belonging, fulfillment, and well-being.

We prioritize employee health and workplace safety by strictly enforcing fire safety standards at all operational sites and conducting regular fire safety training and drills. These initiatives effectively raise safety awareness and enhance emergency preparedness among our staff. Throughout 2023, 2024, and 2025, we recorded zero work-related fatalities.

Business Ethics and Anti-corruption

In all our business activities, we consistently uphold the core values of integrity, honesty, fairness, and probity, adhering to the highest standards of business ethics. We have established and enforce internal policies including the *Code of Daily Conduct for Employees*, the *Whistleblowing and Incentive Policy for Reporting Violations*, and the *Anti-Bribery and Anti-Corruption Compliance Policy*. These policies clearly define our "Ten Prohibitions" as non-negotiable principles, reflecting our zero-tolerance stance toward illegal or unethical conduct such as commercial bribery, favoritism, fraud, money laundering, and unfair competition. We have implemented an anti-corruption governance framework that applies to our employees, suppliers, and business partners. All new employees are required to acknowledge receipt of and agree to abide by our anti-corruption policies upon joining, and business partners must sign an Integrity Agreement prior to formal contract execution. We conduct annual anti-corruption training for all employees. The training incorporates policy explanation, case studies, and scenario-based exercises designed to continually reinforce integrity awareness and adherence to ethical standards. We have established a multi-channel whistleblowing system centered on the "Mingjing" reporting platform and supported by the *Whistleblower Protection and Reward Policy*. Reports are independently received and investigated by the Internal Control and Supervision Department, which reports directly to the CEO. The system ensures strict confidentiality for whistleblowers and provides monetary rewards in accordance with the policy, encouraging active oversight from both internal and

external stakeholders to further embed a culture of integrity and compliance. During the Track Record Period, we did not record any significant incidents involving commercial bribery or corruption.

Industry Standards and Intellectual Property Management

We strive to play an active role in the development of industry norms. In 2024, as the lead unit, we spearheaded the development and release of three industry association standards: *Technical Requirements for Dynamic Visual Recognition in Smart Retail Cabinets*, *Specifications for Privacy Protection of User Transaction Videos in Smart Retail Cabinets*, and *Technical Specifications for Smart Retail Dynamic Cabinets*. These standards effectively fill the gaps in industry benchmarks regarding recognition technology quality, user privacy protection capabilities, and hardware technical requirements for dynamic cabinets. Our efforts help promote industry self-regulation and enhance the level of digitalization within the sector.

In the area of intellectual property management, we have developed and implemented the *Intellectual Property Management System* and established an Intellectual Property Management Committee and working groups. This systematizes intellectual property management, effectively safeguards our intellectual property rights and interests, and lays a solid foundation for sustained innovation and business development.

Addressing Climate Change

Climate Change poses profound challenges to the global ecological environment and business operations. We proactively identify climate-related risks and opportunities and systematically advance our green and low-carbon transition. We implement energy management focused on our cabinet equipment and office operations. At the cabinet level, we utilize IoT and AI to enable intelligent temperature control, to intelligently reduce energy consumption. Meanwhile, we are collaborating with suppliers to develop energy-efficient cabinets. In daily office management, we encourage employees to adopt green commuting options and actively promote sustainability initiatives such as paperless operations and online meetings, effectively reducing energy consumption and carbon emissions in office operations.

Regarding climate-related physical risks, we have established an emergency response mechanism to address potential issues such as equipment failure and logistics disruptions caused by extreme weather. We also optimize cabinet site selection and ensure facilities are sheltered from wind and rain to maintain continuous and stable operations. In response to climate transition risks, we closely monitor carbon emission-related regulations and trends in carbon costs, assess potential impacts proactively, and refine our energy consumption structure and cost-control strategies.

In 2023, 2024, and 2025, our greenhouse gas emissions data are presented in the table below:

	For the Year Ended December 31,		
	2023	**2024**	**2025**
Greenhouse Gas Emissions (Scope 1 and Scope 2) (Tons of CO_2)	**42,904.86**	**54,517.64**	**73,665.66**
Greenhouse Gas Emission Scope 1 (Tons of CO_2)	12.51	15.17	21.08
Greenhouse Gas Emission Scope 2 (Tons of CO_2)	42,892.35	54,502.47	73,644.58

Given the nature of our business operations, Scope 1 emissions refer to direct GHG emissions primarily from refrigerant leakage from smart retail cabinets, while Scope 2 emissions refer to indirect GHG emissions from purchased electricity, including daily office and smart retail cabinet electricity usage at our primary operational sites. We have begun implementing Scope 3 emission management measures, such as fully adopting plastic reusable boxes in place of cardboard ones and optimizing packaging waste management, in order to effectively reduce greenhouse gas emissions in relevant categories. Moving forward, we will initiate data collection and calculation for Scope 3 in a timely manner.

INTERNAL CONTROL AND RISK MANAGEMENT

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

Internal Control

Our Internal Control and Compliance Department is responsible for the day-to-day implementation of our internal control policies, and our management team reviews the effectiveness of our internal control system on a regular basis. We have established the following internal control measures, including (i) implementing a formal approval authority matrix governing strategic, operational, financial, and human resources matters, with segregation of duties enforced across key business processes; (ii) establishing a contract management policy covering drafting, legal and financial review, approval, execution, sealing, archiving, and retrieval of contracts, with standard-form templates as the default; (iii) maintaining documented policies and procedures across all major business and financial processes, including sales, procurement, inventory management, fixed asset management, human resources, and financial reporting; (iv) implementing information technology controls covering user access management, password controls, system development and change management, data security incident response, and software licensing management, with user operation logging enabled across key business systems; and (v) promulgating policies to ensure independence from our controlling shareholders in respect of personnel, assets, finances, organizational structure, and business operations, as well as a connected transactions management policy governing the identification, approval, and monitoring of connected transactions.

During the Track Record Period, our Directors did not identify any material internal control weaknesses or failures. Our Directors are of the view that we have adequate and effective internal control procedures.

Risk Management

We have established a comprehensive risk management system designed to identify, assess, and respond to risks that may affect the achievement of our business objectives, providing reasonable assurance against material misstatement or loss. We have implemented the following risk management measures, including (i) promulgating a *Risk Management Policy* setting out the risk governance organizational structure, division of responsibilities, and standardized processes for risk information collection, identification, assessment, response, and reporting; (ii) establishing an independent internal audit department that reports directly to the Audit Committee of the Board, responsible for conducting risk-based audits and independent evaluations of our operations and financial reporting; (iii) establishing a *Crisis Event Management Policy* and emergency incident handling framework covering various categories of risk events, including regulatory, litigation, product, financial, and information security risks, with designated responsible persons at each operational level and a structured post-incident review and remediation process; and (iv) adopting a suite of integrity and financial crime compliance policies applicable to all employees, including anti-bribery and anti-corruption policies, anti-money laundering, anti-fraud and financial crime compliance policies, conflict of interest management policies, and a whistleblower and reward reporting system with an independent investigation mechanism reporting directly to the CEO, to prevent, detect, and remediate integrity-related risks across the organization.

OUR AWARDS AND RECOGNITIONS

The following table sets forth selected awards and recognitions we had received during the Track Record Period and as of the Latest Practicable Date:

Award/Recognition	Institution/Organization	Award Year
Certificate of Scientific and Technological Achievement Evaluation (科學技術成果評價證書)	China Academy of Information and Communications Technology	2025
Gazelle Enterprise (瞪羚企業)	Shenzhen Gazelle and Unicorn Enterprise Evaluation Committee	2025
National High-Tech Enterprise (國家高新技術企業)	Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality, Shenzhen Municipal Taxation Bureau	2023
Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise (專精特新中小企業)	Service Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality	2023