The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refers to the years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are a provider of distributed ESS products. We offer a comprehensive portfolio of residential and C&I ESS products serving a broad customer base across different markets and energy environments.

In 2023, 2024 and 2025, our revenue amounted to RMB722.9 million, RMB733.6 million and RMB2,525.5 million, respectively. We recorded losses for the year of RMB182.3 million and RMB377.7 million for 2023 and 2024, respectively, and profit for the year of RMB125.3 million for 2025.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our historical financial condition and results of operations have been affected by a number of important factors, which we believe will continue to affect our financial condition and results of operations in the future. Our results are primarily affected by the following factors:

Customer Demand and End-Market Dynamics

Our business is closely tied to demand for ESS products across our key end markets, namely the residential and C&I sectors. Our revenue growth, capacity utilization and profitability are therefore significantly influenced by demand fluctuations and market developments and trends in these end markets.

Residential ESS. Demand for residential ESS is generally influenced by the economics of self-consumption and backup power, grid stability, government subsidies and incentive programs supporting renewable energy and ESS deployment, household electricity tariffs, and the broader adoption of rooftop solar systems. For example, in Europe, which accounts for a significant portion of our revenue, demand is supported by favorable energy policies and high electricity prices that improve the economics of residential ESS. In South Africa, demand is primarily driven by the need for reliable backup power in response to frequent grid outages. Consumer awareness and the availability of financing solutions also affect the pace of adoption across these markets.

C&I ESS. Demand for C&I ESS is generally driven by energy cost management needs, peak load shaving, electricity price volatility, corporate carbon neutrality commitments and regulatory requirements relating to ESS deployment. Businesses are sensitive to broader macroeconomic conditions, and capital expenditure decisions by commercial and industrial customers are often influenced by business confidence, financing conditions and overall economic activity. The scale and complexity of C&I ESS projects vary significantly, ranging from smaller installations for individual commercial users to large-scale industrial deployments, which may cause our revenue and gross profit to fluctuate from period to period.

More broadly, any changes in these end markets, including industry cycles, policy shifts, changes in customer spending plans, timing of purchasing decisions and order execution, or faster-than-expected adoption of alternative technologies, could materially affect inventory levels held by us and our distributors and, in turn, our sales volumes, average selling prices, our product mix and results of operations.

In addition, differences in pricing and profitability across geographical markets have also affected our financial performance. These variations are driven by country-specific factors, including local demand conditions, competitive intensity, regulatory environments and differences in distribution channels and cost structures, such as logistics and shipping, local operating costs, tariffs and after-sales service requirements. As a result, certain markets generate higher margins, while others, particularly during periods of market adjustment or intensified competition, may record reduced profitability or even losses.

Fluctuations in Raw Material Cost

Raw materials constitute a significant portion of our cost of sales. In 2023, 2024 and 2025, our raw material costs accounted for 86.0%, 82.4% and 90.9% of our cost of sales, respectively, and LFP battery cells accounted for the majority of our raw material costs. The prices of LFP battery cells, which are closely tied to lithium carbonate prices, have historically experienced significant volatility due to changes in global supply and demand dynamics, capacity additions and inventory levels, and fluctuated significantly during the Track Record Period, which had a material impact on our average selling prices and profitability. See "— Our Gross Loss in 2024" for details. Our profitability has been, and may in the future be, affected if changes in raw material prices are not reflected in our selling prices in a timely manner or in full, due to competitive pricing pressure or the time lag between cost changes and selling price adjustments. The following table sets forth a sensitivity analysis showing the effect of changes in raw material prices on our gross profit.

	For the year ended December 31,		
	2023	2024	2025
	Gross profit/ (loss)	Gross profit/ (loss)	Gross profit/ (loss)
	RMB	*RMB*	*RMB*
Change in cost of LFP battery cells			
+/– 40%	+/–139,298	+/–189,607	+/–437,902
+/– 50%	+/–174,122	+/–237,008	+/–547,377
+/– 75%	+/–261,183	+/–355,513	+/–821,066

To mitigate the impact of raw material price volatility and supply risks, we have adopted various measures, including optimizing our procurement planning and inventory management based on market trends and production schedules and incorporating price adjustment mechanisms in our contracts. We periodically review our product prices to make sure they are in line with the prevailing market prices, our production costs and market outlook. Certain of our distribution agreements also contain provisions that allow for pricing adjustments within a certain time period. See "Business — Sales and Marketing — Our Customers — Our Distributors" for details. However, if raw material prices experience significant or sustained fluctuations and we are unable to offset the impact through timely pricing adjustments, or if prolonged price movements influence overall market pricing, our gross profit margins and results of operations may be adversely affected. Our bargaining power with suppliers and customers, the competitive landscape and existing contractual arrangements may also impact our ability to manage this dynamic.

Product Mix and Our Ability to Expand Product Portfolio through R&D

Our revenue and profitability are significantly affected by the mix of products we sell. Our two main product lines, residential ESS and C&I ESS, carry different selling prices and margin profiles, as each has different cost structures and pricing dynamics. In general, larger-scale products that require more complex manufacturing processes, higher degrees of customization and system integration, or more extensive testing and certification generally command higher selling prices. Profitability is further influenced by technical specifications, competitive intensity, exposure to raw material prices and overall product positioning. As such, our C&I ESS business line generally recorded higher gross profit margins than residential ESS during the Track Record Period.

Also, our product mix evolves over time with market conditions, customer preferences and technological developments. As residential ESS remains a key revenue driver going forward, our ability to continue introducing new residential ESS products, maintain competitive pricing and optimize our product mix will directly affect our revenue and profitability. At the same time, we are actively expanding our offerings in C&I ESS and other ESS applications. As our C&I ESS business is at an earlier stage of commercialization, the pace at which we are able to scale our C&I ESS business will be an important factor affecting our overall profitability. As we continue to expand our customer base and broaden our product portfolio, shifts in product mix may lead to fluctuations in our overall gross profit margin and results of operations.

The ESS industry is characterized by continuous technological development, evolving customer and regulatory requirements and ongoing improvements in battery performance, system integration and cost-effectiveness. As market expectations continue to rise and competition intensifies, we must continuously enhance our R&D capabilities to develop safer, more efficient and more cost-competitive products. Our ability to meet these demands depends on our research, development and implementation of new technologies, product designs and production processes. We have invested, and expect to continue to invest, in R&D to strengthen our technological capabilities and broaden our product offerings. Going forward, we will focus our R&D on enhancing ESS intelligence, reliability and value through next-generation BMS, advanced power electronics and AI-driven optimization. In 2023, 2024 and 2025, we recorded R&D costs of RMB58.5 million, RMB81.6 million and RMB103.9 million, representing 8.1%, 11.1% and 4.1% of our total revenue for the respective periods. The timing and success of our R&D and commercialization activities can also affect our margins and cash flows, as the benefits of yield improvements, cycle time reductions and cost savings are typically realized over time.

Our Ability to Expand Distribution Network and Enter New Markets

As the majority of our sales are made through distributors, the quality and breadth of our distribution network is a key driver of our revenue growth. As of December 31, 2025, we work with an extensive network of more than 500 distributors spanning over 100 countries and regions, and we have established partnerships with leading distributors in major markets including Europe, Asia Pacific, the Americas, Africa and the Middle East. Our brand recognition and reputation for product quality, safety and reliability across these markets further support our ability to expand our distributor base. We continuously seek to deepen our collaborations with leading distributors in different markets, enhance brand visibility through localized sales and marketing efforts and develop tailored products that address the specific energy needs of different regions.

At the same time, we have been actively expanding into high-potential markets. As we enter new markets, we need to invest in building local service teams, establishing our brand presence and developing relationships with local distributors, which will also impact our pricing power and margin profiles in new markets.

Production Capacity Management

Our ability to capture market opportunities and support customer demand depends on how effectively we manage our production planning and activities. ESS production involves long lead times for planning, construction, equipment installation and qualification, and we therefore typically make capacity investment decisions ahead of actual market demand. To ensure timely fulfillment of customer orders, we may invest in new facilities, additional production lines and equipment upgrades in anticipation of projected demand. If the timing of our capacity expansion does not align with actual market demand, we may be unable to fully serve customers' needs due to capacity constraints or carry excess capacity during periods of underutilization.

We have significantly increased our production capacity and output during the Track Record Period to meet growing customer demand. In addition, we are planning to use approximately [REDACTED]% of our net [REDACTED] from the [REDACTED] to support our production capacity expansion and facility upgrades. See "Future Plans and Use of [REDACTED]" for details. If actual demand or customer orders fall short of our expectations, capacity that has been added in advance, or that we are planning to add in the future, may remain underutilized for a prolonged period, driving up per-unit fixed costs and weighing on our gross margins and overall profitability. The timing, scale and pace of our capacity expansion, together with the duration of any ramp-up and underutilization periods, may therefore cause fluctuations in our gross profit margin and results of operations.

We also seek to continuously improve manufacturing efficiency, delivery capabilities and capacity utilization through strengthening demand planning and supply chain management, advancing digital operations and leveraging our platform-based product R&D and smart manufacturing capabilities.

Foreign Exchange Fluctuations

Our reporting currency is RMB. However, a portion of our revenue is denominated in foreign currencies, primarily EUR, USD and AUD, given the substantial proportion of our sales in overseas markets. Certain of our subsidiaries also conduct transactions in foreign currencies and hold cash and cash equivalents and trade and other receivables denominated in foreign currencies, exposing us to foreign exchange rate risk. Fluctuations in EUR, USD and AUD against RMB may therefore affect both our revenue and profit margins when translated into RMB.

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates prevailing at the dates of the transactions. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. In 2023 and 2024, we recorded net foreign exchange losses of RMB0.2 million and RMB0.7 million, respectively; in 2025, we recorded net foreign exchange gain of RMB59.3 million. See Note 30(d) to "Appendix I — Accountants' Report" for details regarding our exposure to currency risk.

OUR GROSS LOSS IN 2024

Background

According to Frost & Sullivan, in 2022 and early 2023, demand for residential ESS products grew rapidly across our key markets, particularly in Europe, driven in large part by heightened energy price volatility following the Russia-Ukraine war. This demand surge occurred amid global supply chain uncertainties during the COVID-19 pandemic. In this environment characterized by logistical disruptions and long lead times, we received a significant volume of optimistic forecasts from our distributors. In response to this pent-up demand, we purchased battery cells at a time when lithium carbonate prices were at historically high levels in 2022 and 2023 and manufactured 284,012 units of residential ESS batteries (the "**Legacy Inventory**") between 2022 and 2025 using battery cells purchased at high prices. Subsequently, the actual purchase orders we received from distributors were substantially lower than their earlier forecasts, as the industry-wide optimistic sales forecasts from Europe created an oversupply of ESS products at that time.

The nature of our supply chain and production activities involves a significant lead time, typically around 90 to 100 days, from our initial production planning based on forecasts from customers to the final sales and delivery of products to the end customers, a period that accounts for procurement, manufacturing and international shipping. In addition to the lower-than-expected orders we received, market demand had changed further due to shifts in supply and demand dynamics by the time these products reached our distributors. At the same time, from 2023 onwards, a sharp decline in lithium carbonate prices led to a material drop in the market price of LFP battery cells of approximately 40% to 50% year-on-year in each of 2023 and 2024. The stabilization of European energy prices also exerted significant downward pressure on the market price of residential ESS products. As a result, in the European market, the high-cost Legacy Inventory we produced could only be liquidated at significantly reduced prices.

Given the mutually beneficial relationship between us and our distributors and our goal to maintain our market share and long-term relationships with our distributors, we decided to provide certain price concessions to them to support their business despite the fact that we were under no contractual obligations to do so. These price concessions did not involve any cash refunds and were generally applied as credits against future purchases by the relevant distributors. The corresponding amount is deducted from our revenue for the year when the price concession was made. Furthermore, under our accounting policies, inventories are measured at the lower of cost and net realizable value (NRV), which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We write down the value of inventory when the cost of inventory is higher than its estimated NRV and recorded corresponding amount as provision for inventory write-down. Accordingly, any price concession or reduction in the selling price of our products can result in the NRV of our unsold products falling below their production costs, which in turn will result in an inventory write-down, which is accounted for as our cost of sales.

Financial Impact

The combination of these adverse market conditions and the subsequent arrangement relating to the Legacy Inventory had a direct and material financial impact on our results of operations, as follows:

2023

- We sold 113,722 units of the Legacy Inventory, at either a lower price or at a price that led to subsequent price concession to our distributors. The sales of these units resulted in (i) a revenue reduction of RMB50.5 million, (ii) a gross profit of RMB58.5 million (after taking into account the revenue reduction but before the inventory write-down), and (iii) an inventory write-down of RMB47.0 million in connection with the 153,002 unsold units.
- Sales of our products other than the Legacy Inventory resulted in a gross loss of RMB7.9 million as we were ramping up our C&I business.
- As a result, in 2023, our revenue amounted to RMB722.9 million, and our cost of sales amounted to RMB703.5 million, resulting in a gross profit of RMB19.4 million and a gross profit margin of 2.7%.

2024

- We sold 108,258 units of the Legacy Inventory, at either a lower price or at a price that led to subsequent price concession to our distributors. The sales of these units resulted in (i) a gross loss of RMB130.1 million (after taking into account the revenue reduction in connection with the price concession made in 2024 but before the inventory write-down) and (ii) an inventory write-down of RMB81.4 million in connection with the 60,090 unsold units.

- The price concession we made in 2024 in connection with the sales of Legacy Inventories in 2023 and 2024 resulted in a revenue reduction of RMB11.5 million.
- Sales of our products other than the Legacy Inventory resulted in a gross profit of RMB65.4 million.
- As a result, in 2024, our revenue amounted to RMB733.6 million, and our cost of sales amounted to RMB879.7 million, resulting in a gross loss of RMB146.1 million and a gross loss margin of 19.9%.

2025

- The sale of the 60,118 units of the Legacy Inventory at a lower price, which resulted in a gross loss of RMB31.6 million.
- By December 31, 2025, all the Legacy Inventory had been sold or otherwise allocated for internal use, and no further inventory impairment losses or provisions relating to this specific inventory will be recognized going forward. As the Legacy Inventory has been fully liquidated, it will not have an ongoing impact on our results of operations in subsequent periods.

The following table sets forth the movement of the Legacy Inventory during the Track Record Period and the related financial impact, which is discussed in more detail in "— Financial Impact."

	As of or for the year ended December 31,		
	2023	**2024**	**2025**
Produced and/or unsold from previous year	52,857	153,002	60,090
Produced during the year	213,920	15,584	1,651
Sold during the year	113,722(1)	108,258(4)	60,118(7)
Other use	53(2)	238(5)	1,623(8)
Balance at the end of the year	153,002(3)	60,090(6)	0

Notes:

(1) After price concessions that led to a revenue reduction of RMB50.5 million, we recorded a gross profit of RMB58.5 million for the sales of these units.

(2) Mainly used for trade shows and other marketing activities. The production costs of these units are accounted for as selling and distribution expenses.

(3) As a result of the price reduction, we recorded an inventory write-down of RMB47.0 million.

(4) After price concessions that led to a revenue reduction of RMB11.5 million, we recorded a gross loss of RMB130.1 million for the sales of these units.

(5) Mainly used for component recovery by disassembling certain units to meet production needs and marketing activities, which were recorded as inventories and selling and distribution expenses, respectively.

(6) As a result of the price reduction, we recorded inventory write-down of RMB81.4 million.

(7) We sold these units at a lower price and recorded a gross loss of RMB130.1 million.

(8) Included 1,103 units mainly used for trade show and other marketing activities and 520 units for internal testing and future after-sales support needs.

For reasons similar to those discussed in "— Background," we also provided a limited amount of price concessions for certain products other than the Legacy Inventory, resulting in revenue reductions of RMB0.8 million and RMB2.1 million in 2023 and 2024, respectively. Separately, in 2025, we provided price concessions of RMB3.6 million that were one-off in nature in response to market conditions and pricing dynamics.

Management's View and Mitigation Measures

According to Frost & Sullivan, similar measures were adopted by our industry peers during the same period. We believe the price concessions we provided to our distributors were one-off in nature, arising from the compounding effect of material and unexpected changes in market conditions and supply and demand dynamics. Also contributing to the result were shortcomings in our own forecasting, inventory planning and pricing response.

While the previous market dynamics were beyond our control, we are committed to mitigating similar risks in the future. In particular, we have strengthened our risk management and operational control processes as follows:

- We have developed a better understanding of industry cycles and their impact on our inventory position, and we continuously monitor market conditions, supply and demand trends and raw material price movements to support more informed procurement, production and sales decisions. In addition, we apply more prudent judgment when assessing forecasts provided by our distributors in order to reduce the risk of inventory mismatches and pricing pressure arising from changes in market conditions. For example, we require our Black Diamond, Diamond and Gold distributors to provide four-month rolling forecasts on a monthly basis. For Black Diamond distributors only, we begin making procurement and production arrangements upon receipt of their forecasts, subject to a 15% variance tolerance for the upcoming three-month period without affecting their final purchase price. We are also extremely selective in accepting longer lead-time orders and will assess every order based on market conditions, distributor order history and our production and inventory planning.

- We established a dedicated sales and contract management department to strengthen oversight of key processes including demand and sales forecasting, shipment scheduling, channel inventory levels and payment cycles monitoring. In particular, we have implemented stricter inventory monitoring and control measures, improved our inventory turnover efficiency and optimized our safety stock levels to reduce our exposure to potential inventory impairment losses.

- Our distributor management practices have continued to evolve as our business has scaled. More specifically, we have since adopted more disciplined policies on price concession. Currently, we only allow such retroactive price protection when (i) a formal distribution agreement with a specific price protection clause is entered into; (ii) the application has undergone a rigorous approval process; and (iii) the distributor applying for a price protection submits monthly inventory reports on the unsold products subject to such price protection on an ongoing basis. We do not consider any price protection applications from distributors without a contractual price protection clause. These arrangements reflect our enhanced requirements for, and greater control over, distributor inventory and sell-through information.

As of the Latest Practicable Date, we have not approved any price protection application or provided any price concessions since January 1, 2026. In view of our growing business scale and market conditions, we have been continuously refining our distributor management practices. As part of this ongoing effort, we are actively phasing out the price protection clause in our distribution agreements. Also, any new distribution agreement entered into in the future will not contain such terms. See "Business — Our Customers — Our Distributors — Arrangements with Our Distributors" for details. Therefore, our Directors are of the view that we do not expect to offer any price concessions in the future.

Taking into account the mitigation measures we have implemented, and that we do not foresee a similar adverse market development caused by a compound of various factors, our Directors are of the view that this matter is not expected to have a continuing material adverse effect on our financial condition and results of operations.

BASIS OF PRESENTATION

Our Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards have been consistently applied by us in the preparation of the historical financial information throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The measurement basis used in the preparation of the historical financial information is the historical cost basis except for the financial assets and liabilities stated at their fair value.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 2 in "Appendix I — Accountants' Report" to this document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations. Some of our accounting policies require us to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 3 to "Appendix I — Accountants' Report" for details.

RESULTS OF OPERATIONS

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Revenue	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**
Cost of sales	(703,503)	(97.3)	(879,670)	(119.9)	(1,940,821)	(76.8)
Gross profit/(loss)	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**
Other net income	36,574	5.1	34,624	4.7	88,961	3.5
Selling and distribution expenses	(90,192)	(12.5)	(129,285)	(17.6)	(195,639)	(7.7)
Administrative expenses	(64,222)	(8.9)	(48,660)	(6.6)	(85,749)	(3.4)
Research and development costs	(58,527)	(8.1)	(81,630)	(11.1)	(103,876)	(4.1)
Impairment reversal/(loss) on trade and other receivables	3,864	0.5	(4,279)	(0.6)	(46,366)	(1.8)
(Loss)/Profit from operations	**(153,138)**	**(21.2)**	**(375,293)**	**(51.1)**	**241,995**	**9.7**
Changes in carrying amount of financial instruments with preferential rights	(61,923)	(8.6)	(90,889)	(12.4)	(90,640)	(3.6)
Other finance costs	(6,121)	(0.8)	(5,991)	(0.8)	(1,769)	(0.1)
Finance costs	(68,044)	(9.4)	(96,880)	(13.2)	(92,409)	(3.7)
Share of losses of associates	—	—	—	—	(466)	0.0
(Loss)/Profit before tax	(221,182)	(30.6)	(472,173)	(64.4)	149,120	5.9
Income tax benefit/(expense)	38,928	5.4	94,456	12.9	(23,846)	(0.9)
(Loss)/Profit for the year	**(182,254)**	**(25.2)**	**(377,717)**	**(51.5)**	**125,274**	**5.0**

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue from sales of residential ESS, C&I ESS and other products.

By product category

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	717,593	99.3	625,936	85.3	1,911,437	75.7
ESS Battery	717,593	99.3	622,311	84.8	1,890,189	74.8
Low-voltage Battery	585,925	81.1	503,702	68.7	1,352,662	53.6
High-voltage Battery	131,668	18.2	118,609	16.2	537,527	21.3
All-in-one ESS	—	0.0	3,625	0.5	21,248	0.8
C&I ESS	1,599	0.2	89,403	12.2	603,373	23.9
ESS Battery	—	—	6,313	0.9	342,858	13.6
All-in-one ESS	1,599	0.2	83,090	11.3	260,515	10.3
Others[(1)]	3,676	0.5	18,268	2.5	10,675	0.4
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

During the Track Record Period, residential ESS was our largest revenue contributor. Leveraging our established capabilities in residential ESS across various markets, we expect revenue from this business line to continue to grow and remain a key revenue contributor. We achieved strong growth of our C&I ESS business during the Track Record Period, with its revenue contribution growing from less than 1% in 2023 to 23.9% in 2025. As we continue to execute our growth strategies, we anticipate that our C&I ESS business will become an increasingly significant revenue driver going forward.

By geographical location[(1)]

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Europe	143,478	19.9	363,675	49.6	1,541,115	61.0
Middle East	30,250	4.2	84,732	11.6	320,405	12.7
Africa	98,355	13.6	116,181	15.8	263,202	10.4
Asia Pacific (excluding the Chinese Mainland)	24,156	3.3	66,299	9.0	233,396	9.2
Chinese Mainland[(2)]	411,435	56.9	87,892	12.0	122,743	4.9
The Americas	15,194	2.1	14,828	2.0	44,624	1.8
Total	**722,868**	**100.0**	**733,607**	**100.0**	**2,525,485**	**100.0**

Notes:

(1) Revenue by geographical location is presented based on the location where the goods were delivered.

(2) In 2023, the majority of revenue generated in the Chinese mainland was attributable to shipments to Chinese mainland-based distributors, who subsequently sold our products overseas. In 2024 and 2025, certain products sold to Chinese distributors were also subsequently exported overseas.

During the Track Record Period, we actively diversified and expanded our geographical coverage. As of December 31, 2025, our distribution network spanned more than 100 countries and regions.

Sales Volume and Average Selling Price

	Year Ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price[(1)]	Sales volume	Average selling price	Sales volume	Average selling price
	(kWh)	*(RMB/ Wh)*	*(kWh)*	*(RMB/ Wh)*	*(kWh)*	*(RMB/ Wh)*
Residential ESS	546,817.8	1.3	724,315.4	0.9	2,479,161.1	0.8
ESS Battery	546,817.8	1.3	722,994.5	0.9	2,465,038.2	0.8
Low-voltage Battery	464,500.4	1.3	611,633.8	0.8	1,999,003.7	0.7
High-voltage Battery	82,317.4	1.6	111,360.7	1.1	466,034.5	1.2
All-in-one ESS	—	—	1,320.9	2.7	14,122.9	1.5
C&I ESS	1,290.0	1.2	73,551.0	1.2	613,691.5	1.0
ESS Battery	—	—	7,020.0	0.9	358,689.5	1.0
All-in-one ESS	1,290.0	1.2	66,531.0	1.2	255,002.0	1.0

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Our sales volume of residential ESS increased significantly in 2025, with substantial growth across different regions; our sales volume of C&I ESS increased as we continued to launch new products and expand our product portfolio during the Track Record Period.

Cost of Sales

Our cost of sales primarily consists of (i) cost of raw materials, (ii) cost of labor, (iii) cost of manufacturing and (iv) impairment loss/(reversal) of inventories.

We recorded impairment loss of inventories of RMB50.6 million and RMB84.6 million in 2023 and 2024, which was mainly in connection with the Legacy Inventory. See "— Our Gross Loss in 2024" for details. We recorded a reversal of impairment losses on inventories of RMB10.0 million, reflecting the normalization of pricing and inventory levels following the clearance of Legacy Inventory for sale and improved demand visibility in 2025.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Cost of raw materials	605,203	86.0	724,648	82.4	1,763,979	90.9
Cost of labor	8,455	1.2	19,977	2.3	36,666	1.9
Cost of manufacturing	18,084	2.6	17,697	2.0	43,144	2.2
Impairment loss/(reversal) of inventories	50,571	7.2	84,610	9.6	(10,037)	(0.5)
Others[1]	21,190	3.0	32,738	3.7	107,069	5.5
Total	**703,503**	**100.0**	**879,670**	**100.0**	**1,940,821**	**100.0**

Note:

(1) Mainly including logistics costs and warranty costs.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

By product category

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	**Gross Profit/ (Loss) Margin[2]**	**Gross Profit/ (Loss)**	**Gross Profit/ (Loss) Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Residential ESS	19,272	2.7	(157,567)	(25.2)	383,798	20.1
ESS Battery	19,272	2.7	(158,069)	(25.4)	381,340	20.2
Low-voltage Battery	15,098	2.6	(62,484)	(12.4)	279,490	20.7
High-voltage Battery	4,174	3.2	(95,585)	(80.6)	101,850	18.9
All-in-one ESS	—	—	502	13.8	2,458	11.6
C&I ESS	(555)	(34.7)	21,495	24.0	200,452	33.2
ESS Battery	—	—	1,583	25.1	115,503	33.7
All-in-one ESS	(555)	(34.7)	19,912	24.0	84,949	32.6
Others[1]	648	17.6	(9,991)	(54.7)	414	3.9
Total	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Notes:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

(2) The overall gross profit/(loss) margin is calculated as gross profit/(loss) for the year divided by revenue for the corresponding period and multiplied by 100%.

By geographical location

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Amount before impairment loss of inventories						
Europe	(1,768)	(1.2)	(62,476)	(17.2)	384,846	25.0
Middle East	4,331	14.3	5,645	6.7	61,817	19.3
Africa	9,128	9.3	(21,178)	(18.2)	54,510	20.7
Asia Pacific (excluding the Chinese mainland)	4,575	18.9	5,189	7.8	41,119	17.6
Chinese Mainland	50,272	12.2	8,748	10.0	18,781	15.3
The Americas	3,398	22.4	2,619	17.7	13,554	30.4
Sub-total	**69,936**	**9.7**	**(61,453)**	**(8.4)**	**574,627**	**22.8**
Impairment loss/(reversal) of inventories	50,571	—	84,610	—	(10,037)	—
Gross profit/(loss) and gross profit/(loss) margin	**19,365**	**2.7**	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Other Net Income

Our other net income primarily consists of (i) bank interest income, (ii) government grants, (iii) net realized or unrealized gains on financial assets measured at FVPL and (iv) net foreign exchange gain/(loss).

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Bank interest income	12,839	35.1	16,765	48.4	11,582	13.0
Government grants	11,287	30.9	12,618	36.4	16,533	18.6
Net realized or unrealized gains on financial assets measured at FVPL	10,450	28.6	5,972	17.2	3,260	3.7
Net loss on disposal of property, plant and equipment and right-of-use-assets	(142)	(0.4)	—	—	—	—
Net loss on disposal of an associate and subsidiaries	(130)	(0.4)	—	—	—	—
Net foreign exchange gain/(loss)	(223)	(0.6)	(714)	(2.1)	59,342	66.7
Others	2,493	6.8	(17)	0.1	(1,756)	(2.0)
Total	**36,574**	**100.0**	**34,624**	**100.0**	**88,961**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee compensation and direct labor costs, (ii) promotional and marketing expenses and (iii) office and traveling expenses.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee compensation and direct labor costs	22,397	24.8	38,122	29.5	64,397	32.9
Promotional and marketing expenses	29,410	32.6	41,007	31.7	51,797	26.5
Office and traveling expenses	10,975	12.2	18,138	14.0	21,053	10.8
Professional services fees	2,312	2.6	3,642	2.8	16,391	8.4
Share-based payment	9,840	10.9	12,336	9.5	13,428	6.9
Lease and warehouse expense	10,409	11.5	7,699	6.0	12,844	6.6
Others	4,849	5.4	8,341	6.5	15,729	7.9
Total	**90,192**	**100.0**	**129,285**	**100.0**	**195,639**	**100.0**
as % of total revenue		*12.5*		*17.6*		*7.7*

Administrative Expenses

Our administrative expenses primarily consist of (i) employee compensation and direct labor costs, (ii) professional services fees and (iii) share-based payment.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee compensation and direct labor costs	15,279	23.8	16,979	34.9	28,813	33.6
Professional services fees	21,316	33.2	3,529	7.3	18,656	21.8
Share-based payment	10,040	15.6	12,921	26.6	11,884	13.9
Taxes and surcharges	1,801	2.8	1,813	3.7	6,621	7.7
Office and traveling expenses	4,683	7.3	3,380	6.9	4,248	5.0
Business development expense	3,546	5.5	1,652	3.4	3,615	4.2
Lease and warehouse expense	3,214	5.0	3,986	8.2	3,499	4.1
Others	4,343	6.8	4,400	9.0	8,413	9.7
Total	**64,222**	**100.0**	**48,660**	**100.0**	**85,749**	**100.0**
as % of total revenue		*8.9*		*6.6*		*3.4*

Research and Development Costs

Our research and development costs primarily consist of (i) employee compensation, (ii) share-based payment and (iii) direct material costs.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee compensation	24,001	41.0	42,290	51.8	61,271	59.0
Share-based payment	11,552	19.7	14,805	18.1	13,514	13.0
Direct material costs	9,148	15.6	5,216	6.4	9,635	9.3
Inspection, certification and technical service fees	6,816	11.6	7,068	8.7	4,606	4.4
Premises and equipment cost	2,190	3.7	4,424	5.4	5,726	5.5
Others	4,820	8.4	7,827	9.6	9,124	8.8
Total	**58,527**	**100.0**	**81,630**	**100.0**	**103,876**	**100.0**
as % of total revenue		*8.1*		*11.1*		*4.1*

Impairment reversal/(loss) on trade and other receivables

In 2024 and 2025, our impairment loss amounted to RMB4.3 million and RMB46.4 million, respectively. In 2023, our reversal of impairment loss amounted to RMB3.9 million.

Finance Costs

Our finance costs consist of (i) change in the carrying amount of liabilities recognized for financial instruments with preferential rights, (ii) Interest on interest-bearing borrowings and (iii) interest on lease liabilities.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Change in carrying amount of financial instruments with preferential rights	61,923	91.0	90,889	93.8	90,640	98.0
Interest on interest-bearing borrowings	5,429	8.0	5,489	5.7	1,436	1.6
Interest on lease liabilities	692	1.0	502	0.5	333	0.4
Total	**68,044**	**100.0**	**96,880**	**100.0**	**92,409**	**100.0**
as % of total revenue		*9.4*		*13.2*		*3.7*

Share of Losses of Associates

We recorded share of losses of associates of RMB0.5 million in 2025, mainly due to the net losses generated by one of our associates.

Income Tax Benefit/(Expense)

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate. Entities established in the PRC were subject to the PRC corporate income tax rate of 25% during the Track Record Period. We and certain of our subsidiaries have obtained High and New Technology Enterprises certification and are therefore entitled to a preferential corporate income tax rate of 15% for certain years during the Track Record Period. For details of the statutory tax rate and preferential income tax rates applicable to us and our subsidiaries, see Note 7 to "Appendix I — Accountants' Report" in this document.

We recorded income tax benefit of RMB38.9 million and RMB94.5 million in 2023 and 2024, respectively, and income tax expense of RMB23.8 million in 2025. During the Track Record Period and up to the Latest Practicable Date, we fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

	Year ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Residential ESS	625,936	1,911,437	205.4
ESS Battery	622,311	1,890,189	203.7
Low-voltage Battery	503,702	1,352,662	168.5
High-voltage Battery	118,609	537,527	353.2
All-in-one ESS	3,625	21,248	486.2
C&I ESS	89,403	603,373	574.9
ESS Battery	6,313	342,858	5,331.0
All-in-one ESS	83,090	260,515	213.5
Others[1]	18,268	10,675	(41.6)
Total	**733,607**	**2,525,485**	**244.3**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

Sales Volume and Average Selling Price

	Year Ended December 31,			
	2024		2025	
	Sales volume *(kWh)*	**Average selling price**[(1)] *(RMB/Wh)*	**Sales volume** *(kWh)*	**Average selling price** *(RMB/Wh)*
Residential ESS	724,315.4	0.9	2,479,161.1	0.8
ESS Battery	722,994.5	0.9	2,465,038.2	0.8
Low-voltage Battery	611,633.8	0.8	1,999,003.7	0.7
High-voltage Battery	111,360.7	1.1	466,034.5	1.2
All-in-one ESS	1,320.9	2.7	14,122.9	1.5
C&I ESS	73,551.0	1.2	613,691.5	1.0
ESS Battery	7,020.0	0.9	358,689.5	1.0
All-in-one ESS	66,531.0	1.2	255,002.0	1.0

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Residential ESS

ESS Battery

Low-voltage Battery

Our revenue from sales of low-voltage batteries increased by 168.5% from RMB503.7 million in 2024 to RMB1,352.7 million in 2025, primarily due to an increase in sales volume from 611,633.8 kWh in 2024 to 1,999,003.7 kWh in 2025 driven by our expansion in Europe, the Middle East and Asia, partially offset by a decrease in average selling price from RMB0.8 per Wh in 2024 to RMB0.7 per Wh in 2025, primarily as a result of a shift in product mix toward larger-capacity battery models, which typically carry a lower selling price on a per-Wh basis due to economies of scale.

High-voltage Battery

Our revenue from sales of high-voltage batteries increased by 353.2% from RMB118.6 million in 2024 to RMB537.5 million in 2025, primarily due to an increase in sales volume from 111,360.7 kWh in 2024 to 466,034.5 kWh in 2025 driven by our expansion in Europe and Middle East. Our average selling price for high-voltage battery increased from RMB1.1 per Wh in 2024 to RMB1.2 per Wh in 2025, primarily as a result of the launch of certain new products with different product specifications and higher selling prices.

All-in-one ESS

Our revenue from sales of residential all-in-one ESS increased by 486.2% from RMB3.6 million in 2024 to RMB21.2 million in 2025, primarily due to an increase in sales volume from 1,320.9 kWh in 2024 to 14,122.9 kWh in 2025, driven mainly by growth in the Australian market, partially offset by the decrease in the average selling price from RMB2.7 per Wh in 2024 to RMB1.5 per Wh in 2025, mainly reflecting differences in product mix as products sold in Australia had lower selling prices due to different product specifications.

C&I ESS

ESS Battery

Our revenue from sales of C&I ESS batteries increased by 5,331.0% from RMB6.3 million in 2024 to RMB342.9 million in 2025, primarily due to (i) an increase in sales volume from 7,020.0 kWh in 2024 to 358,689.5 kWh in 2025, mainly attributable to the scaling up of commercial sales for our C&I products, and (ii) an increase in average selling price from RMB0.9 per Wh in 2024 to RMB1.0 per Wh in 2025, primarily due to a shift in our geographic sales mix toward European markets, which generally had higher selling prices.

All-in-one ESS

Our revenue from sales of C&I all-in-one ESS increased by 213.5% from RMB83.1 million in 2024 to RMB260.5 million in 2025, primarily due to an increase in sales volume from 66,531.0 kWh in 2024 to 255,002.0 kWh in 2025, mainly attributable to broader sales growth across our all-in-one ESS products as the overseas market continued to expand, partially offset by a decrease in average selling price from RMB1.2 per Wh in 2024 to RMB1.0 per Wh in 2025, primarily reflecting the shift in product mix toward products with fewer bundled accessories.

Others

Our revenue from the sales of other products decreased by 41.6% from RMB18.3 million in 2024 to RMB10.7 million in 2025.

Cost of Sales

	Year ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Cost of raw materials	724,648	1,763,979	143.4
Cost of labor	19,977	36,666	83.5
Cost of manufacturing	17,697	43,144	143.8
Impairment loss/(Reversal) of inventories	84,610	(10,037)	(111.9)
Others(1)	32,738	107,069	227.0
Total	**879,670**	**1,940,821**	**120.6**
as % of total revenue	*119.9*	*76.8*	

Note:

(1) Mainly including cost of logistics and warranty costs.

Our cost of sales increased by 120.6% from RMB879.7 million in 2024 to RMB1,940.8 million in 2025, primarily due to (i) an increase in cost of raw materials from RMB724.6 million in 2024 to RMB1,764.0 million in 2025 and (ii) an increase in other costs from RMB32.7 million in 2024 to RMB107.1 million in 2025, in line with our business growth and expanded production activities, offset by impairment loss of inventories of RMB84.6 million in 2024 to an inventory reversal of RMB10.0 million in 2025. See "— Our Gross Loss in 2024" for details.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Product Category	**Year ended December 31,**			
	2024		**2025**	
	Gross Profit/ (Loss)	**Gross Profit/ (Loss) Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Residential ESS	(157,567)	(25.2)	383,798	20.1
ESS Battery	(158,069)	(25.4)	381,340	20.2
Low-voltage Battery	(62,484)	(12.4)	279,490	20.7
High-voltage Battery	(95,585)	(80.6)	101,850	18.9
All-in-one ESS	502	13.8	2,458	11.6
C&I ESS	21,495	24.0	200,452	33.2
ESS Battery	1,583	25.1	115,503	33.7
All-in-one ESS	19,912	24.0	84,949	32.6
Others[(1)]	(9,991)	(54.7)	414	3.9
Total	**(146,063)**	**(19.9)**	**584,664**	**23.2**

Note:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

Residential ESS

ESS Battery

Low-voltage Battery

We recorded a gross profit of RMB279.5 million in 2025 from low-voltage batteries, as compared to a gross loss of RMB62.5 million in 2024, primarily due to (i) a change from a gross loss margin of 12.4% in 2024 to a gross profit margin of 20.7% in 2025; and (ii) a 168.5% increase in revenue. The improvement in gross margin mainly reflected the normalization of our profitability after we sold out the Legacy Inventory. See "— Our Gross Loss in 2024" for details.

High-voltage Battery

We recorded a gross profit of RMB101.9 million in 2025 from high-voltage batteries, as compared to a gross loss of RMB95.6 million in 2024, primarily due to (i) a change from a gross loss margin of 80.6% in 2024 to a gross profit margin of 18.9% in 2025; and (ii) a 353.2% increase in revenue. The improvement in gross margin mainly reflected the normalization of profitability after we sold out the Legacy Inventory. See "— Our Gross Loss in 2024" for details.

All-in-one ESS

Our gross profit from residential all-in-one ESS increased by 389.6% from RMB0.5 million in 2024 to RMB2.5 million in 2025, primarily due to a 486.2% increase in revenue, partially offset by a decrease in gross profit margin from 13.8% to 11.6%, mainly due to the lower profit margin of products sold in Australia.

C&I ESS

ESS Battery

Our gross profit from C&I ESS batteries increased by 7,196.5% from RMB1.6 million in 2024 to RMB115.5 million in 2025, primarily due to (i) a 5,331.0% increase in revenue and (ii) an increase in gross margin from 25.1% in 2024 to 33.7% in 2025, primarily attributable to a shift in our geographic sales mix toward the European market, which commanded higher profit margin.

All-in-one ESS

Our gross profit from C&I all-in-one ESS increased by 326.6% from RMB19.9 million in 2024 to RMB84.9 million in 2025, primarily due to (i) a 213.5% increase in revenue from all-in-one ESS and (ii) an increase in gross margin from 24.0% in 2024 to 32.6% in 2025, primarily attributable to a shift in our geographic sales mix toward the Europe market, which commanded higher profit margin.

Others

We recorded a gross loss from other products of RMB10.0 million in 2024 and a gross profit of RMB0.4 million in 2025.

Other Net Income

Our other net income increased by 156.9% from RMB34.6 million in 2024 to RMB89.0 million in 2025, primarily due to (i) a shift in foreign exchange from losses of RMB0.7 million in 2024 to gains of RMB59.3 million in 2025, mainly driven by the appreciation of the euro in 2025, and (ii) an increase in government grants from RMB12.6 million in 2024 to RMB16.5 million in 2025, partially offset by a decrease in bank interest income from RMB16.8 million in 2024 to RMB11.6 million in 2025.

Selling and Distribution Expenses

	Year ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Selling and distribution expenses	129,285	195,639	51.3
as % of total revenue	*17.6*	*7.7*	

Our selling and distribution expenses increased by 51.3% from RMB129.3 million in 2024 to RMB195.6 million in 2025, primarily due to (i) an increase in employee compensation and direct labor costs from RMB38.1 million in 2024 to RMB64.4 million in 2025, driven by an increase in the headcount of our sales and marketing personnel, and (ii) an increase in professional services fees from RMB3.6 million in 2024 to RMB16.4 million in 2025, driven by the expansion of our overseas marketing activities. As a percentage of our total revenue, our selling and distribution expenses decreased from 17.6% in 2024 to 7.7% in 2025, mainly due to greater economies of scale.

Administrative Expenses

	Year ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Administrative expenses	48,660	85,749	76.2
as % of total revenue	*6.6*	*3.4*	

Our administrative expenses increased by 76.2% from RMB48.7 million in 2024 to RMB85.7 million in 2025, primarily due to (i) an increase in professional services fees from RMB3.5 million in 2024 to RMB18.7 million in 2025, due to increased fees paid to intermediary and professional service providers in 2025 in connection with our Hong Kong [REDACTED] application and (ii) an increase in taxes and surcharges from RMB1.8 million in 2024 to RMB6.6 million in 2025. As a percentage of our total revenue, our administrative expenses decreased from 6.6% in 2024 to 3.4% in 2025, mainly due to greater economies of scale.

Research and Development Costs

	Year ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Research and development costs	81,630	103,876	27.3
as % of total revenue	*11.1*	*4.1*	

Our research and development costs increased by 27.3% from RMB81.6 million in 2024 to RMB103.9 million in 2025, primarily due to (i) an increase in material cost from RMB5.2 million in 2024 to RMB9.6 million in 2025 due to additional R&D expenditures incurred for newly initiated projects and enhanced development efforts under existing projects, and (ii) an increase in employee compensation from RMB42.3 million in 2024 to RMB61.3 million in 2025 due to an increase in the headcount of our R&D personnel and rising compensation levels, partially offset by (i) a decrease in inspection, certification and technical service fees from RMB7.1 million in 2024 to RMB4.6 million in 2025, and (ii) a decrease in share-based payment from RMB14.8 million in 2024 to RMB13.5 million. As a percentage of our total revenue, our research and development costs decreased from 11.1% in 2024 to 4.1% in 2025, mainly because we were able to leverage our R&D efficiency to drive revenue growth.

Impairment reversal/(loss) on trade and other receivables

Our impairment on trade and other receivables increased from RMB4.3 million in 2024 to RMB46.4 million in 2025, primarily due to an increase in the balance of our trade and other receivables as of December 31, 2025 compared with December 31, 2024, which resulted in a higher impairment provision.

Finance Costs

Our finance costs decreased by 4.6% from RMB96.9 million in 2024 to RMB92.4 million in 2025, primarily due to a decrease in interest-bearing borrowings.

Share of Losses of Associates

We recorded a share of losses of associates of RMB0.5 million in 2025, mainly due to the net losses generated by one of our associates, which we recognized in proportion to our equity interest.

Income Tax benefit/(Expense)

We recorded an income tax benefit of RMB94.5 million in 2024 and an income tax expense of RMB23.8 million in 2025, mainly because we and certain of our subsidiaries recorded taxable profits in 2025.

(Loss)/Profit for the Year

As a result of the foregoing, we shifted from a loss for the year of RMB377.7 million in 2024 to a profit for the year of RMB125.3 million in 2025.

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

Revenue

	Year ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Residential ESS	717,593	625,936	(12.8)
ESS Battery	717,593	622,311	(13.3)
Low-voltage Battery	585,925	503,702	(14.0)
High-voltage Battery	131,668	118,609	(9.9)
All-in-one ESS	—	3,625	—
C&I ESS	1,599	89,403	5,491.2
ESS Battery	—	6,313	—
All-in-one ESS	1,599	83,090	5,096.4
Others[(1)]	3,676	18,268	397.0
Total	**722,868**	**733,607**	**1.5**

Note:

(1) Others typically includes inverters, accessories, such as racks and wiring harnesses and scrap materials.

Sales Volume and Average Selling Price

	Year Ended December 31,			
	2023		2024	
	Sales volume	Average selling price[(1)]	Sales volume	Average selling price
	(kWh)	*(RMB/Wh)*	*(kWh)*	*(RMB/Wh)*
Residential ESS	546,817.8	1.3	724,315.4	0.9
ESS Battery	546,817.8	1.3	722,994.5	0.9
Low-voltage Battery	464,500.4	1.3	611,633.8	0.8
High-voltage Battery	82,317.4	1.6	111,360.7	1.1
All-in-one ESS	—	—	1,320.9	2.7
C&I ESS	1,290.0	1.2	73,551.0	1.2
ESS Battery	—	—	7,020.0	0.9
All-in-one ESS	1,290.0	1.2	66,531.0	1.2

Note:

(1) Average selling price represents the revenue generated from the relevant product category divided by the corresponding sales volume.

Residential ESS

ESS Battery

Low-voltage Battery

Our revenue from sales of low-voltage batteries decreased by 14.0% from RMB585.9 million in 2023 to RMB503.7 million in 2024, primarily due to a decrease in average selling price from RMB1.3 per Wh in 2023 to RMB0.8 per Wh in 2024, mainly attributable to the price concession we made in connection with the Legacy Inventory, partially offset by an increase in sales volume from 464,500.4 kWh in 2023 to 611,633.8 kWh in 2024, mainly driven by expanded demand and increased sales in Europe and the Middle East.

High-voltage Battery

Our revenue from sales of high-voltage batteries decreased by 9.9% from RMB131.7 million in 2023 to RMB118.6 million in 2024, primarily due to a decrease in average selling price from RMB1.6 per Wh in 2023 to RMB1.1 per Wh in 2024, mainly attributable to the price concession we made in connection with the Legacy Inventory, partially offset by an increase in sales volume from 82,317.4 kWh in 2023 to 111,360.7 kWh in 2024, mainly driven by expanded demand and increased sales in Europe as well as our entry into the Middle East market.

All-in-one ESS

We commenced sales of our residential all-in-one ESS products in 2024. As a result, revenue from residential all-in-one ESS increased from nil in 2023 to RMB3.6 million in 2024.

C&I ESS

ESS Battery

We recorded revenue from sales of C&I ESS batteries of RMB6.3 million in 2024 following the commencement of commercial sales of our C&I ESS batteries.

All-in-one ESS

Our revenue from C&I all-in-one ESS increased by 5,096.4% from RMB1.6 million in 2023 to RMB83.1 million in 2024, primarily due to (i) an increase in sales volume from 1,290.0 kWh in 2023 to 66,531.0 kWh in 2024, mainly attributable to the commencement of commercial sales of our C&I all-in-one ESS, and (ii) the average selling price remaining stable at RMB1.2 per Wh in 2023 and 2024. We delivered only a limited number of sample all-in-one ESS products in 2023, while commercial sales began in 2024.

Others

Our revenue from the sales of other products increased by 397.0% from RMB3.7 million in 2023 to RMB18.3 million in 2024.

Cost of Sales

	Year ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Cost of raw materials	605,203	724,648	19.7
Cost of labor	8,455	19,977	136.3
Cost of manufacturing	18,084	17,697	(2.1)
Impairment loss/(reversal) of inventories	50,571	84,610	67.3
Others(1)	21,190	32,738	54.5
Total	**703,503**	**879,670**	**25.0**
as % of total revenue	*97.3*	*119.9*	

Note:

(1) Mainly including cost of logistics and warranty costs.

Our cost of sales increased by 25.0% from RMB703.5 million in 2023 to RMB879.7 million in 2024, primarily due to (i) an increase in cost of raw materials from RMB605.2 million in 2023 to RMB724.6 million in 2024 and (ii) an increase in impairment loss of inventories from RMB50.6 million in 2023 to RMB84.6 million in 2024 in connection with the Legacy Inventory. See "— Our Gross Loss in 2024" for details.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Product Category	**Year ended December 31,**			
	2023		**2024**	
	Gross Profit/ (Loss)	**Gross Profit/ (Loss) Margin**	**Gross Profit/ (Loss)**	**Gross Profit/ (Loss) Margin**
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Residential ESS	19,272	2.7	(157,567)	(25.2)
ESS Battery	19,272	2.7	(158,069)	(25.4)
Low-voltage Battery	15,098	2.6	(62,484)	(12.4)
High-voltage Battery	4,174	3.2	(95,585)	(80.6)
All-in-one ESS	—	—	502	13.8
C&I ESS	(555)	(34.7)	21,495	24.0
ESS Battery	—	—	1,583	25.1
All-in-one ESS	(555)	(34.7)	19,912	24.0
Others(1)	648	17.6	(9,991)	(54.7)
Total	**19,365**	**2.7**	**(146,063)**	**(19.9)**

Note:

(1) Others typically include inverters, scrap materials and accessories, such as racks and wiring harnesses.

Residential ESS

ESS Battery

Low-voltage Battery

We recorded a gross loss of RMB62.5 million from low-voltage batteries in 2024, as compared to a gross profit of RMB15.1 million in 2023, primarily due to (i) a 14.0% decrease in revenue and (ii) a shift in gross margin from a gross profit margin of 2.6% in 2023 to a gross loss margin of 12.4% in 2024, mainly attributable to the price concession we made and impairment losses we recorded in connection with the sale of Legacy Inventory. See "— Our Gross Loss in 2024" for details.

High-voltage Battery

We recorded a gross loss of RMB95.6 million from high-voltage batteries in 2024, as compared to a gross profit of RMB4.2 million in 2023, primarily due to (i) a 9.9% decrease in revenue and (ii) a shift in gross margin from a gross profit margin of 3.2% in 2023 to a gross loss margin of 80.6% in 2024, mainly attributable to the price concession we made and impairment losses we recorded in connection with the sale of Legacy Inventory. See "— Our Gross Loss in 2024" for details.

All-in-one ESS

Our gross profit from residential all-in-one ESS increased from nil in 2023 to RMB0.5 million in 2024, reflecting the commencement of commercial sales of residential all-in-one ESS in 2024.

C&I ESS

ESS Battery

We recorded gross profit from C&I ESS batteries of RMB1.6 million in 2024 following the commencement of commercial sales of our C&I ESS batteries.

All-in-one ESS

As a result of the commencement of commercial sales of our C&I all-in-one ESS in 2024, we recorded a gross profit of RMB19.9 million for our C&I all-in-one ESS in 2024, as compared to a gross loss of RMB0.6 million in 2023 when our C&I all-in-one ESS was still under development.

Others

We recorded a gross loss of RMB10.0 million in 2024 from other products, as compared to a gross profit of RMB0.6 million in 2023.

Other Net Income

Our other net income decreased by 5.3% from RMB36.6 million in 2023 to RMB34.6 million in 2024, primarily due to a decrease in net realized or unrealized gains on financial assets measured at FVPL from RMB10.5 million in 2023 to RMB6.0 million in 2024, partially offset by an increase in bank interest income from RMB12.8 million in 2023 to RMB16.8 million in 2024.

Selling and Distribution Expenses

	Year ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Selling and distribution expenses	90,192	129,285	43.3
as % of total revenue	*12.5*	*17.6*	

Our selling and distribution expenses increased by 43.3% from RMB90.2 million in 2023 to RMB129.3 million in 2024, primarily due to (i) an increase in employee compensation from RMB22.4 million in 2023 to RMB38.1 million in 2024, driven by an increase in the headcount of our sales and marketing personnel, and (ii) an increase in office and traveling expenses from RMB11.0 million in 2023 to RMB18.1 million in 2024, in line with our increased marketing activities overseas. As a percentage of our total revenue, our selling and distribution expenses increased from 12.5% in 2023 to 17.6% in 2024, primarily due to increased sales-related activities in line with our revenue growth.

Administrative Expenses

	Year ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Administrative expenses	64,222	48,660	(24.2)
as % of total revenue	*8.9*	*6.6*	

Our administrative expenses decreased by 24.2% from RMB64.2 million in 2023 to RMB48.7 million in 2024, primarily due to a decrease in professional services fees from RMB21.3 million in 2023 to RMB3.5 million in 2024 as the Company ceased certain professional work in connection with its A-share listing application as well as certain equity financing, partially offset by (i) an increase in depreciation and amortization from RMB0.4 million in 2023 to RMB0.9 million in 2024, and (ii) an increase in share-based payment from RMB10.0 million in 2023 to RMB12.9 million in 2024. As a percentage of our total revenue, our administrative expenses decreased from 8.9% in 2023 to 6.6% in 2024, mainly due to greater economies of scale.

Research and Development Costs

	Year ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Research and development costs	58,527	81,630	39.5
as % of total revenue	*8.1*	*11.1*	

Our research and development costs increased by 39.5% from RMB58.5 million in 2023 to RMB81.6 million in 2024, primarily due to (i) an increase in depreciation and amortization from RMB0.8 million in 2023 to RMB2.1 million in 2024 and (ii) an increase in employee compensation from RMB24.0 million in 2023 to RMB42.3 million in 2024, driven by an increase in the headcount of our R&D personnel, partially offset by a decrease in material cost from RMB9.1 million in 2023 to RMB5.2 million in 2024. As a percentage of our total revenue, our research and development costs increased from 8.1% in 2023 to 11.1% in 2024, because we were able to leverage our R&D efficiency to drive revenue growth.

Reversal of impairment loss/(impairment loss) on trade and other receivables

Our impairment on trade and other receivables shifted from a reversal of impairment loss of RMB3.9 million in 2023 to an impairment loss of RMB4.3 million in 2024, primarily due to provision made for the increasing balance of our trade and other receivables as of December 31, 2024 compared to December 31, 2023.

Finance Costs

Our finance costs increased by 42.4% from RMB68.0 million in 2023 to RMB96.9 million in 2024, primarily due to an increase in the carrying amount of liabilities recognized for financial instruments with preferential rights from RMB61.9 million in 2023 to RMB90.9 million in 2024. This increase was mainly attributable to the recognition of such liabilities following the equity financing received in June 2023, which involved financial instruments with preferential rights accounted for as financial liabilities.

Income Tax benefit/(Expense)

Our income tax benefit increased by 142.6% from RMB38.9 million in 2023 to RMB94.5 million in 2024, mainly due to the recognition of tax loss carryforwards by us and our subsidiaries.

(Loss)/Profit for the Year

As a result of the foregoing, our loss for the year increased by 107.2% from RMB182.3 million in 2023 to RMB377.7 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
NON-CURRENT ASSETS			
Property, plant and equipment	27,878	28,898	76,929
Right-of-use assets	8,682	9,662	39,713
Intangible assets	198	435	734
Other non-current assets	—	—	2,012
Interest in associates	—	20,000	22,613
Trade and other receivables	—	444	216
Financial assets measured at fair value through profit or loss ("**FVPL**")	5,000	9,000	19,000
Deferred tax assets	51,747	146,182	137,497
Time deposits	—	—	150,000
Total non-current assets	**93,505**	**214,621**	**448,714**
CURRENT ASSETS			
Inventories	812,454	511,096	781,092
Trade and other receivables	99,372	245,540	551,041
Prepayments	86,939	93,002	211,207
Financial assets measured at fair value through profit or loss ("**FVPL**")	395,000	267,580	—
Restricted bank deposits	220,566	338,772	1,152,490
Time deposits	378,438	102,580	347,810
Cash and cash equivalents	114,133	274,746	282,970
Total current assets	**2,106,902**	**1,833,316**	**3,326,610**
CURRENT LIABILITIES			
Trade and other payables	702,623	637,289	1,935,032
Contract liabilities	51,570	40,178	85,507
Interest-bearing borrowings	162,517	342,056	392,104
Lease liabilities	5,836	5,786	12,019
Current taxation	235	—	14,682
Financial instruments with preferential rights	—	—	1,381,859
Total current liabilities	**922,781**	**1,025,309**	**3,821,203**
NET CURRENT ASSETS/(LIABILITIES)	**1,184,121**	**808,007**	**(494,593)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,277,626**	**1,022,628**	**(45,879)**

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
NON-CURRENT LIABILITIES			
Lease liabilities	4,233	3,215	30,915
Provisions	20,434	26,320	55,881
Trade and other payables	—	254	189
Deferred income	—	2,971	5,173
Financial instruments with preferential rights	1,200,330	1,291,219	—
Total non-current liabilities	**1,224,997**	**1,323,979**	**92,158**
NET ASSETS/(LIABILITIES)	**52,629**	**(301,351)**	**(138,037)**
CAPITAL AND RESERVES			
Share capital	112,024	112,024	112,024
Reserves	(59,395)	(413,375)	(262,478)
Total equity/(deficit) attributable to equity shareholders of the Company	52,629	(301,351)	(150,454)
Non-controlling interests	—	—	12,417
TOTAL EQUITY/(DEFICIT)	**52,629**	**(301,351)**	**(138,037)**

SELECTED BALANCE SHEET ITEMS

Inventories

Our inventories include finished goods, raw materials, work in progress and goods in transit. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Raw materials	111,897	104,146	173,801
Work in progress	3,046	4,422	36,004
Finished goods	736,322	482,383	520,803
Goods in transit	11,760	27,558	56,848
Less: inventory provision	(50,571)	(107,413)	(6,364)
Total	**812,454**	**511,096**	**781,092**

Our inventories decreased from RMB812.5 million as of December 31, 2023 to RMB511.1 million as of December 31, 2024, primarily due to (i) a decrease in finished goods from RMB736.3 million as of December 31, 2023 to RMB482.4 million as of December 31, 2024, mainly due to a lower level of inventory held following the delivery of finished goods during the year, and (ii) a decrease in raw materials from RMB111.9 million as of December 31, 2023 to RMB104.1 million as of December 31, 2024, partially offset by (i) an increase in goods in transit from RMB11.8 million as of December 31, 2023 to RMB27.6 million as of December 31, 2024, and (ii) an increase in work in progress from RMB3.0 million as of December 31, 2023 to RMB4.4 million as of December 31, 2024.

Our inventories increased from RMB511.1 million as of December 31, 2024 to RMB781.1 million as of December 31, 2025, primarily due to (i) an increase in finished goods from RMB482.4 million as of December 31, 2024 to RMB520.8 million as of December 31, 2025, (ii) an increase in raw materials from RMB104.1 million as of December 31, 2024 to RMB173.8 million as of December 31, 2025, (iii) an increase in work in progress from RMB4.4 million as of December 31, 2024 to RMB36.0 million as of December 31, 2025 and (iv) an increase in goods in transit from RMB27.6 million as of December 31, 2024 to RMB56.8 million as of December 31, 2025, mainly reflecting the expansion of our production activities in line with our sales growth and broader customer base.

The table below sets forth the turnover days of our inventories for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days[1]	334	271	120

Note:

(1) Inventory turnover days for each year equals the average of the beginning and ending balances of inventory for that period divided by cost of sales for that year and multiplied by 360 days.

During the Track Record Period, our inventory turnover days decreased from 334 days in 2023 to 271 days in 2024, mainly due to a significant reduction in our finished goods inventory as we gradually sold down the Legacy Inventory. Our inventory turnover days further decreased to 120 days in 2025, primarily due to further sell-down of the Legacy Inventory and our active measures to align production more closely with sales demand.

The following table sets forth an aging analysis for our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Within 1 year	806,596	398,587	765,921
Over 1 year but less than 2 years	5,858	109,338	9,266
Over 2 years but less than 3 years	—	3,171	5,905
Total	**812,454**	**511,096**	**781,092**

As of April 30, 2026, 70.6% of our total inventories as of December 31, 2025, or RMB551.1 million, had been utilized or sold.

Trade and other receivables

Trade and other receivables mainly arise from sales of our products on credit. We periodically conduct credit evaluations of customers who trade on credit. We usually grant credit periods ranging from 30 to 120 days to our customers, depending on their operating conditions, financial condition and expected transaction volume.

The table below sets forth the breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Current			
Trade receivables, net of loss allowance	90,037	221,149	463,098
Bills receivable measured at amortized cost	—	1,747	12,757
Bills receivable measured at FVOCI	55	123	2,313
Receivables from export refund	2,476	17,239	60,757
Other receivables and deposits, net of loss allowance	6,804	5,282	12,116
Total	**99,372**	**245,540**	**551,041**
Non-current			
Trade receivables, net of loss allowance	—	444	216

Our trade and other receivables increased from RMB99.4 million as of December 31, 2023 to RMB245.5 million as of December 31, 2024, and further increased to RMB551.0 million as of December 31, 2025, in line with our revenue growth.

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Within 1 year	90,037	185,798	433,418
Over 1 year but less than 2 years	—	35,351	29,680
Total	**90,037**	**221,149**	**463,098**

See Note 16 to "Appendix I — Accountants' Report" for details.

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

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days[(1)]	76	77	50

Note:

(1) Trade and bills receivables turnover days for each year equals the average of the beginning and ending balances of trade and bills receivables for that year divided by revenue for that year and multiplied by 360 days.

During the Track Record Period, our trade and bills receivables turnover days remained stable in 2023 and 2024. Our trade and bills receivables turnover days decreased from 77 days in 2024 to 50 days in 2025, primarily due to our proactive collection efforts and stricter credit control.

As of April 30, 2026, 63.6% of the trade and bills receivables outstanding as of December 31, 2025, or RMB303.9 million, had been settled.

Trade and other payables

Our trade and other payables primarily represent outstanding amounts owed to third parties. Our suppliers usually grant us a credit period ranging from 30 to 120 days from the invoice date.

The table below sets forth the breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Current			
Trade and bills payable	637,435	588,339	1,792,378
Accrued payroll	13,194	12,858	38,307
Tax payable	7,752	4,589	3,639
Other payables and accruals	44,242	31,503	100,708
	702,623	637,289	1,935,032
Non-current			
Long-term payable	—	254	189

Our trade and other payables decreased from RMB702.6 million as of December 31, 2023 to RMB637.3 million as of December 31, 2024, and further increased to RMB1,935.0 million as of December 31, 2025, mainly as a result of the increase in procurement scale in line with our expanded production capacity and production volume.

The table below sets forth the aging analysis of the trade and bills payable.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Within 1 year	634,469	586,748	1,789,957
Over 1 year but less than 2 years	2,966	1,349	1,431
Over 2 years	—	242	990
Total	**637,435**	**588,339**	**1,792,378**

The table below sets forth the turnover days for the trade and bills payables for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bills payable turnover days[(1)]	324	251	221

Note:

(1) Trade and bills payables turnover days for each year equals the average of the beginning and ending balances of trade and bills payable for that year divided by cost of sales for that year and multiplied by 360 days.

During the Track Record Period, our trade and bills payables turnover days decreased from 324 days in 2023 to 251 days in 2024, and further decreased to 221 days in 2025, mainly due to an increased proportion of advance payments to suppliers amid tighter battery cell supply.

As of April 30, 2026, 59.4% of our trade and other payables outstanding as of December 31, 2025, or RMB1,148.5 million, were settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from operating activities and financing activities. As of December 31, 2025, we had cash and cash equivalents of RMB283.0 million. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operations and net [REDACTED] from the [REDACTED].

Taking into account the net [REDACTED] from the [REDACTED] and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Document.

Cash Flows

The table below sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands)		
Net cash (used in)/generated from operating activities	(213,510)	(376,963)	81,305
Net cash (used in)/generated from investing activities	(791,722)	373,135	(164,098)
Net cash generated from financing activities	1,069,982	165,155	31,675
Net increase/(decrease) in cash and cash equivalents	64,750	161,327	(51,118)
Cash and cash equivalents at January 1	49,606	114,133	274,746
Effect of foreign exchange rate changes	(223)	(714)	59,342
Cash and cash equivalents at December 31	114,133	274,746	282,970

Operating Activities

In the year ended December 31, 2025, we had net cash generated from operating activities of RMB81.3 million. This was primarily due to our profit before tax of RMB149.1 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) changes in the carrying amount of financial instruments with preferential rights of RMB90.6 million, (b) impairment loss on trade and other receivables of RMB46.4 million, and (c) equity-settled share-based payment expenses of RMB38.8 million, and (ii) changes in working capital, including an increase in trade and other payables of RMB1,275.1 million, partially offset by (a) an increase in restricted bank deposits of RMB813.7 million, (b) an increase in trade and other receivables of RMB576.5 million and (c) an increase in inventories of RMB168.9 million.

In the year ended December 31, 2024, we had net cash used in operating activities of RMB377.0 million. This was primarily due to our loss before tax of RMB472.2 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) changes in the carrying amount of financial instruments with preferential rights of RMB90.9 million, (b) write-down of inventories of RMB84.6 million and (c) equity-settled share-based payment expenses of RMB40.1

million, and (ii) changes in working capital, including (a) an increase in trade and other receivables of RMB181.7 million, (b) an increase in restricted bank deposits of RMB118.2 million (c) a decrease in trade and other payables of RMB91.2 million, partially offset by a decrease in inventories of RMB244.5 million.

In the year ended December 31, 2023, we had net cash used in operating activities of RMB213.5 million. This was primarily due to our loss before tax of RMB221.2 million, as adjusted for the items including (i) non-cash and non-operating items, primarily comprising (a) changes in the carrying amount of financial instruments with preferential rights of RMB61.9 million, (b) write-down of inventories of RMB50.6 million, and (c) equity-settled share-based payment expenses of RMB31.4 million, and (ii) changes in working capital, including (a) an increase in inventories of RMB366.5 million and (b) a decrease in trade and other payables of RMB33.5 million, partially offset by (a) a decrease in trade and other receivables of RMB242.4 million and (b) a decrease in restricted bank deposits of RMB44.2 million.

Investing Activities

In 2025, we had net cash used in investing activities of RMB164.1 million, primarily comprising (i) payment for the purchase of time deposits of RMB395.2 million and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB25.8 million, partially offset by proceeds from disposal of wealth management products of RMB269.9 million.

In 2024, we had net cash generated from investing activities of RMB373.1 million, primarily comprising (i) proceeds from disposal of bank deposits of RMB276.3 million and (ii) proceeds from disposal of wealth management products of RMB133.4 million, partially offset by (i) payments for acquisition of interest in associates of RMB20.0 million and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB12.6 million.

In 2023, we had net cash used in investing activities of RMB791.7 million, primarily comprising (i) payment for the purchase of wealth management products of RMB395.0 million and (ii) payment for the purchase of time deposits of RMB378.4 million, partially offset by proceeds from disposal of wealth management products of RMB7.5 million.

Financing Activities

In 2025, we had net cash generated from financing activities of RMB31.7 million, primarily comprising proceeds from interest-bearing borrowings of RMB359.9 million, partially offset by (i) repayment of interest-bearing borrowings of RMB319.9 million and (ii) capital element of lease rentals paid of RMB6.6 million.

In 2024, we had net cash generated from financing activities of RMB165.2 million, primarily comprising proceeds from interest-bearing borrowings of RMB747.0 million, partially offset by (i) repayment of interest-bearing borrowings of RMB567.4 million and (ii) capital element of lease rentals paid of RMB8.4 million.

In 2023, we had net cash generated from financing activities of RMB1,070.0 million, primarily comprising (i) capital contributions by investors with preferential rights of RMB1,005.0 million and (ii) proceeds from interest-bearing borrowings of RMB550.0 million, partially offset by (i) repayment of interest-bearing borrowings of RMB478.8 million and (ii) capital element of lease rentals paid of RMB10.5 million.

Net Current Assets/Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(in RMB thousands)			
				(unaudited)
Current assets:				
Inventories	812,454	511,096	781,092	1,703,107
Trade and other receivables	99,372	245,540	551,041	837,075
Prepayments	86,939	93,002	211,207	164,703
Financial assets measured at fair value through profit or loss ("**FVPL**")	395,000	267,580	—	70,410
Restricted bank deposits	220,566	338,772	1,152,490	433,241
Time deposits	378,438	102,580	347,810	90,000
Cash and cash equivalents	114,133	274,746	282,970	1,281,958
Total current assets	**2,106,902**	**1,833,316**	**3,326,610**	**4,580,494**
Current liabilities:				
Trade and other payables	702,623	637,289	1,935,032	2,780,565
Contract liabilities	51,570	40,178	85,507	136,761
Interest-bearing borrowings	162,517	342,056	392,104	407,100
Lease liabilities	5,836	5,786	12,019	11,590
Current taxation	235	—	14,682	12,885
Financial liabilities measured at fair value through profit or loss ("**FVPL**")	—	—	—	170
Financial instruments with preferential rights	—	—	1,381,859	1,411,658
Total current liabilities	**922,781**	**1,025,309**	**3,821,203**	**4,760,729**
Net current assets/(liabilities)	**1,184,121**	**808,007**	**(494,593)**	**(180,235)**

Comparison between April 30, 2026 and December 31, 2025

Our net current liabilities decreased from RMB494.6 million as of December 31, 2025 to RMB180.2 million as of April 30, 2026, primarily due to (i) an increase in cash and cash equivalents from RMB283.0 million as of December 31, 2025 to RMB1,282.0 million as of April 30, 2026, (ii) an increase in inventories from RMB781.1 million as of December 31, 2025 to RMB1,703.1 million as of April 30, 2026 and (iii) an increase in trade and other receivables from RMB551.0 million as of December 31, 2025 to RMB837.1 million as of April 30, 2026, partially offset by (i) an increase in trade and other payables from RMB1,935.0 million as of December 31, 2025 to RMB2,780.6 million as of April 30, 2026, (ii) a decrease in Restricted bank deposits from RMB1,152.5 million as of December 31, 2025 to RMB433.2 million as of April 30, 2026, (iii) time deposits from from RMB347.8 million as of December 31, 2025 to RMB90.0 million as of April 30, 2026 and (iv) an increase in contract liabilities from RMB85.5 million as of December 31, 2025 to RMB136.8 million as of April 30, 2026.

Comparison between December 31, 2025 and December 31, 2024

Our net current position shifted from net current assets of RMB808.0 million as of December 31, 2024 to net current liabilities of RMB494.6 million as of December 31, 2025, primarily due to (i) the financial instruments with preferential rights of RMB1,381.9 million as of December 31, 2025, (ii) an increase in trade and other payables from RMB637.3 million as of December 31, 2024 to RMB1,935.0 million as of December 31, 2025 and (iii) an increase in contract liabilities from RMB40.2 million as of December 31, 2024 to RMB85.5 million as of December 31, 2025, partially offset by (i) an increase in restricted bank deposits from RMB338.8 million as of December 31, 2024 to RMB1,152.5 million as of December 31, 2025, (ii) an increase in trade and other receivables from RMB245.5 million as of December 31, 2024 to RMB551.0 million as of December 31, 2025, (iii) an increase in inventories from RMB511.0 million as of December 31, 2024 to RMB781.1 million as of December 31, 2025 and (iv) an increase in time deposits from RMB102.6 million as of December 31, 2024 to RMB347.8 million as of December 31, 2025.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB1,184.1 million as of December 31, 2023 to RMB808.0 million as of December 31, 2024, primarily due to (i) a decrease in inventories from RMB812.5 million as of December 31, 2023 to RMB511.1 million as of December 31, 2024, (ii) a decrease in time deposits from RMB378.4 million as of December 31, 2023 to RMB102.6 million as of December 31, 2024, (iii) a decrease in financial assets measured at FVPL from RMB395.0 million as of December 31, 2023 to RMB267.6 million as of December 31, 2024 and (iv) an increase in interest-bearing borrowings from RMB162.5 million as of December 31, 2023 to RMB342.1 million as of December 31, 2024, partially offset by (i) an increase in trade and other receivables from RMB99.4 million as of December 31, 2023 to RMB245.5 million as of December 31, 2024, (ii) an increase in cash and cash equivalents from RMB114.1 million as of December 31, 2023 to RMB274.7 million as of December 31, 2024 and (iii) an increase in restricted time deposits from RMB220.6 million as of December 31, 2023 to RMB338.8 million as of December 31, 2024.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	(in RMB thousands)			(unaudited)
Current Liabilities				
Interest-bearing borrowings	162,517	342,056	392,104	407,100
Lease liabilities	5,836	5,786	12,019	11,590
Financial instruments with preferential rights	—	—	1,381,859	1,411,658
Non-current Liabilities				
Lease liabilities	4,233	3,215	30,915	29,071
Financial instruments with preferential rights	1,200,330	1,291,219	—	—
Total	**1,372,916**	**1,642,276**	**1,816,897**	**1,859,419**

Interest-bearing Borrowings

As of December 31, 2023, 2024 and 2025, we had interest-bearing borrowings of RMB162.5 million, RMB342.1 million and RMB392.1 million, respectively. The table below sets forth the categories of our interest-bearing bank borrowings as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Guaranteed short-term bank loans	10	10	10,104
Unsecured short-term bank loans	8,007	5,046	—
Current portion of non-current secured bank loans	4,500	—	—
Bank advances under discounted bills	150,000	337,000	382,000
Total	**162,517**	**342,056**	**392,104**

As of April 30, 2026, 15.1% of our total banking facilities as of December 31, 2025, or RMB325.6 million, had been subsequently utilized.

Lease Liabilities

Our lease liabilities, including current and non-current portions, were primarily in relation to leased properties, including buildings and right-of-use for business operations.

As of December 31, 2023, 2024 and 2025, the balances of our lease liabilities, including both current and non-current portions, were RMB10.1 million, RMB9.0 million and RMB42.9 million, respectively. The increase from 2024 to 2025 primarily reflected the acquisition of the production center in Zhuhai and the addition of new leases resulting from our business expansion.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities. During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness since December 31, 2025 and up to the Latest Practicable Date. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

The table below sets forth our capital expenditure for the periods indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Payment for the purchase of property, plant and equipment and intangible assets	23,778	12,562	25,804
Payment for acquisition of interest in associates	—	20,000	3,080
Total	**23,778**	**32,562**	**28,884**

During the Track Record Period, our capital expenditures were payment for the purchase of property, plant and equipment and intangible assets and payment for acquisition of interest in associates.

We plan to continue to incur capital expenditures to support our business growth and expansion strategy. See "Future Plans and Use of [REDACTED] — Use of [REDACTED]" for details. We intend to fund these expenditures with available financial resources, including cash generated from operations, net [REDACTED] from the [REDACTED], and potential future equity or debt financing.

Capital Commitments

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Property, plant and equipment	1,236	219	49
Total	**1,236**	**219**	**49**

KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2023	2024	2025
Gross profit/(loss) margin(1)	2.7%	(19.9)%	23.2%
Current ratio(2)	2.3	1.8	0.9
Quick ratio(3)	1.4	1.3	0.7

Notes:

(1) Gross profit/(loss) margin is calculated as gross profit/(loss) for the year divided by revenue for the corresponding year and multiplied by 100%.

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

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

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. See Note 30 to "Appendix I — Accountants' Report" for details.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables.

Our exposure to credit risk arising from cash and cash equivalents, bank deposits with maturity over three months, restricted bank deposits, bills receivables is limited because the counterparties are state-owned banks or reputable commercial banks that we consider to have low credit risk.

Liquidity Risk

Liquidity risk relates to the risk that we will not be able to meet our obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our policy is to regularly monitor the Group's liquidity requirements and our compliance with lending covenants and our relationship with finance providers, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash and cash equivalents, bank deposits with original maturity over three months, restricted bank deposits, interest-bearing borrowings, lease liabilities and financial instruments with preferential rights. Financial instruments issued at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively.

Currency Risk

Foreign currency risk arises from recognized assets or liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Euros, and Australian dollars. We manage and monitor our exposure to currency risk to ensure appropriate measures are implemented in a timely and effective manner.

Capital Management

Our primary objectives when managing capital are to safeguard our ability to continue as a going concern, so that we can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

We actively and regularly review and manage our capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and make adjustments to the capital structure in light of changes in economic conditions.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our own equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

DIVIDEND POLICY

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval by our Shareholders. A decision to declare or pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or distributed in any year. As of the Latest Practicable Date, we did not have any dividend policy. Regulations in the PRC currently permit payment of dividends of a PRC company only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China.

DISTRIBUTABLE RESERVE

As of December 31, 2025, we don't have any distributable reserve.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

See "Appendix II — Unaudited [REDACTED] Financial Information" for details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commission and fees incurred in connection with the [REDACTED] and the [REDACTED]. Our [REDACTED] expenses are estimated to be approximately HK$[REDACTED] (including [REDACTED] commission) accounting for [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK$[REDACTED] per H Share (being the mid-point of the [REDACTED] range stated in this document and no exercise of the [REDACTED]). Among our [REDACTED] expenses, approximately HK$[REDACTED] is directly attributable to the [REDACTED] of H Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK$[REDACTED] has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The [REDACTED] expenses we incurred during the Track Record Period, and expect to incur, would consist of approximately HK$[REDACTED] [REDACTED]-related expenses and fees (including [REDACTED] commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK$[REDACTED] non-[REDACTED]-related expenses and fees including fees of the legal advisors and reporting accountant and approximately HK$[REDACTED] for other non-[REDACTED]-related fees and expenses.

The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.