

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Bloks Group Limited**  
**布魯可集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0325)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

The Board of Directors of Bloks Group Limited is pleased to announce the consolidated annual results of the Company and its subsidiaries for the year ended December 31, 2024, together with comparative figures for the year ended December 31, 2023. The below annual results have been prepared in accordance with the IFRSs and have been reviewed by the Audit Committee.

	<b>Year Ended December 31,</b>		
	<b>2024</b>	2023	% Change
	<i>(in RMB thousands, except for percentages)</i>		
Revenue	<b>2,240,929</b>	876,686	155.6%
Gross profit	<b>1,178,806</b>	414,922	184.1%
Loss before tax	<b>(295,682)</b>	(189,839)	55.8%
Loss for the year	<b>(398,044)</b>	(207,481)	91.8%
Adjusted profit for the year <sup>(1)</sup> (a non-IFRS measure)	<b>584,588</b>	72,882	702.1%
Adjusted net margin <sup>(2)</sup> (a non-IFRS measure)	<b>26.1%</b>	8.3%	17.8 percentage points
Basic and diluted loss per share (RMB)	<b>(2.69)</b>	(1.38)	94.9%
<i>Notes:</i>			
(1)	We define adjusted profit for the year (a non-IFRS measure) as loss for the year adjusted for fair value changes on convertible redeemable preferred shares (a non-cash item), listing expenses and share-based compensations (a non-cash item).		
(2)	We define adjusted net margin (a non-IFRS measure) as adjusted profit for the year (a non-IFRS measure) as a percentage of our total revenue.		

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2024

		Year ended December 31,	
		2024	2023
	Notes	RMB'000	RMB'000
Revenue	4	2,240,929	876,686
Cost of sales		(1,062,123)	(461,764)
<b>Gross profit</b>		<b>1,178,806</b>	414,922
Selling and distribution expenses		(283,122)	(189,280)
Research and development expenses		(192,467)	(94,657)
Administrative expenses		(465,047)	(49,230)
Other income, other gains and losses, net	5	17,141	5,987
Other expenses	6	(4,648)	(695)
Provision for impairment losses on financial assets, net		(2,344)	(1,100)
Finance costs	7	(2,005)	(1,654)
Fair value changes on convertible redeemable preferred shares	15	(541,996)	(274,132)
<b>LOSS BEFORE TAX</b>		<b>(295,682)</b>	(189,839)
Income tax expense	9	(102,362)	(17,642)
<b>LOSS FOR THE YEAR</b>		<b>(398,044)</b>	(207,481)
<b>Attributable to:</b>			
Owners of the parent		(401,047)	(206,100)
Non-controlling interests		3,003	(1,381)
		<b>(398,044)</b>	(207,481)
<b>LOSS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	10	(2.69)	(1.38)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2024

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
<b>LOSS FOR THE YEAR</b>	<u>(398,044)</u>	<u>(207,481)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>6,282</u>	<u>(12)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the Company and its subsidiaries other than those are foreign operations <sup>1</sup>	<u>(4,412)</u>	<u>90</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u>1,870</u>	<u>78</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u>(396,174)</u>	<u>(207,403)</u>
Attributable to:		
Owners of the parent	(399,177)	(206,022)
Non-controlling interests	<u>3,003</u>	<u>(1,381)</u>
	<u>(396,174)</u>	<u>(207,403)</u>

<sup>1</sup> The Company and its subsidiaries whose activities are based or conducted in the currency same as that of the Company are not foreign operations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

		As at December 31,	
		2024	2023
	Notes	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		153,736	47,672
Right-of-use assets		57,430	58,442
Intangible assets		21,432	5,773
Deferred tax assets		144,953	203,795
Prepayments, other receivables and other non-current assets		12,015	14,718
Pledged deposits-non current	17	985	–
<b>Total non-current assets</b>		<b>390,551</b>	<b>330,400</b>
<b>CURRENT ASSETS</b>			
Inventories	11	278,539	76,294
Trade receivables	12	111,986	38,256
Prepayments, other receivables and other current assets		72,796	14,477
Financial assets at fair value through profit or loss		–	1,251
Pledged deposits	17	32,157	8,141
Cash and cash equivalents	17	719,962	360,837
Receivables in connection with the Reorganization		–	183,000
<b>Total current assets</b>		<b>1,215,440</b>	<b>682,256</b>
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	13	566,698	259,671
Contract liabilities		83,392	66,325
Other payables and accruals	14	272,322	169,373
Tax payables		16,953	118
Amounts due to related parties		–	25,913
Convertible redeemable preferred shares	15	2,207,012	–
Lease liabilities		35,126	21,969
Payables in connection with the Reorganization		–	187,520
<b>Total current liabilities</b>		<b>3,181,503</b>	<b>730,889</b>
<b>NET CURRENT LIABILITIES</b>		<b>(1,966,063)</b>	<b>(48,633)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(1,575,512)</b>	<b>281,767</b>

		<b>As at December 31,</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible redeemable preferred shares	<i>15</i>	–	1,848,016
Lease liabilities		<b>25,078</b>	34,962
Other payables and accruals	<i>14</i>	–	7,083
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>25,078</b>	1,890,061
		<hr/>	<hr/>
<b>Net liabilities</b>		<b>(1,600,590)</b>	<b>(1,608,294)</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>16</i>	<b>128</b>	128
Deficits		<b>(1,600,718)</b>	(1,606,385)
		<hr/>	<hr/>
		<b>(1,600,590)</b>	(1,606,257)
		<hr/>	<hr/>
Non-controlling interests		–	(2,037)
		<hr/>	<hr/>
<b>Total equity</b>		<b>(1,600,590)</b>	<b>(1,608,294)</b>
		<hr/>	<hr/>

## NOTES

### 1. CORPORATE INFORMATION

Bloks Group Limited (the “**Company**”) was incorporated in the Cayman Islands on July 28, 2021 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganization as set out in the section headed “History, Development and Reorganization” (the “**Reorganization**”) in the prospectus published on December 31, 2024. During the Reporting Period, the Company’s subsidiaries were principally engaged in the design, development and sales of toys.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on January 10, 2025.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all IFRSs, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (the “**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and convertible redeemable preferred shares, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The Financial Information has been prepared on a going concern basis. The Group’s net current liabilities, amounted to RMB1,966,063,000 as at December 31, 2024, included the balance of convertible redeemable preferred shares of RMB2,207,012,000, which has been settled by automatic conversion, converted to ordinary shares, upon listing on January 10, 2025. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months.

#### **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended December 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same Reporting Period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the Reporting Period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the Reporting Period.

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2025

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position.

### 3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive Directors of the Company. During the Reporting Period, the Group was principally engaged in the design, development and sales of toys products. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.



## Geographical Information

No geographical information is presented as the Group's revenue from the external customers is mainly derived from its operations in Mainland China and no non-current assets of the Group are located outside Mainland China.

## Information about Major Customers

For the years ended December 31, 2024 and 2023, no revenue from a single customer is accounted for 10% or more of the Group's total revenue.

## 4. REVENUE

Revenue primarily represents income from sales of toys during the Reporting Period.

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
Offline sales	2,084,861	769,071
Distribution sales*	2,062,865	732,700
Consignment sales	21,996	36,371
Online sales	155,675	106,249
Others	393	1,366
	<u>2,240,929</u>	<u>876,686</u>

\* Distribution sales primarily include sales transactions to distributors.

The Group derives revenues at a point in time:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
Revenue recognised at a point in time	<u>2,240,929</u>	<u>876,686</u>

## Performance obligations

The performance obligation of the sale of goods is recognised at the point in time when control of the assets is transferred to the customer, generally on receipt of the goods by customer or upon the confirmation from customers and payment in advance is normally required, except for customers granted with credit terms where payment is generally due within 1 to 3 months.

## 5. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Other income</b>		
Government grants	10,166	1,379
Bank interest income	5,765	3,864
Others	768	662
	<u>16,699</u>	<u>5,905</u>
<b>Other gains and losses, net</b>		
Gain/(loss) on disposal of items of property, plant and equipment	270	(22)
Fair value changes of cash management products	2	27
Others	170	77
	<u>442</u>	<u>82</u>
	<u>17,141</u>	<u>5,987</u>

## 6. OTHER EXPENSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Impairment of mold equipment	702	–
Bank charges	1,195	493
Exchange losses, net	2,353	143
Other losses	398	59
	<u>4,648</u>	<u>695</u>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	2,005	600
Borrowings costs	–	1,054
	<u>2,005</u>	<u>1,654</u>

## 8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Cost of inventories sold ( <i>i</i> )		<b>1,062,123</b>	461,764
Marketing and promotion expenses		<b>111,702</b>	73,706
Listing expenses		<b>33,372</b>	–
Auditor's remuneration		<b>1,350</b>	–
Depreciation of property, plant and equipment		<b>35,958</b>	13,837
Impairment of property, plant and equipment		<b>702</b>	–
Depreciation of right-of-use assets		<b>24,012</b>	21,237
Amortisation of intangible assets		<b>27,577</b>	9,618
Impairment of inventories		<b>202</b>	152
Lease payments not included in the measurement of lease liabilities		<b>1,549</b>	1,173
Impairment losses recognised on trade receivables, net	12	<b>1,698</b>	871
Government grants	5	<b>(10,166)</b>	(1,379)
Employee benefit expense (including Directors' and chief executive officer's remuneration):		<b>656,331</b>	151,991
Salaries, bonuses, allowances and benefits in kind		<b>204,162</b>	115,743
Pension scheme contributions		<b>44,905</b>	30,017
Share-based payment expenses		<b>407,264</b>	6,231
Exchange losses, net		<b>2,353</b>	143
Fair value changes on convertible redeemable preferred shares	15	<b>541,996</b>	274,132
Fair value changes of cash management products	5	<b>(2)</b>	(27)
(Gain)/loss on disposal of items of property, plant and equipment	5	<b>(270)</b>	22

- (i) Depreciation of mold equipment and amortisation of licensed IP which comprised of cost of inventories sold are also included in the respective total amounts disclosed separately in depreciation of property, plant and equipment and amortisation of intangible assets above.

## 9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

### Mainland China

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries during the year.

One of the Group's PRC subsidiaries, Shanghai Bloks Bricks Technology Co., Ltd. was accredited as a "High and New Technology Enterprise" ("HANTE") under the relevant tax rules and regulations in November 2021 and renewed its status as HANTE in December 2024, and accordingly, was entitled to a reduced preferential CIT rate of 15% for three years. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

### USA

The subsidiary incorporated in the USA is subject to statutory United States federal corporate income tax at a rate of 21%.

## Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the year, except for two subsidiaries of the Group which are a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of these subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

## Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no withholding tax is imposed on the Company incorporated in the Cayman Islands.

The income tax expense of the Group for the Reporting Period is analysed as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax	43,520	154
Deferred tax	58,842	17,488
	<u>102,362</u>	<u>17,642</u>

## 10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 148,844,005 (2023: 148,844,005) outstanding during the year.

<b>Loss per share</b>	2024	2023
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent (RMB'000)	(401,047)	(206,100)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation ('000)	<u>148,844</u>	<u>148,844</u>
Basic and diluted loss per share (RMB)	<u>(2.69)</u>	<u>(1.38)</u>

No adjustment has been made to the basic loss per share amount presented for the year in respect of a dilution as the impact of convertible redeemable preferred shares and equity-settled share-based payment had an anti-dilutive effect on the basic loss per share amount presented.

## 11. INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Finished goods	218,833	55,524
Raw materials	49,739	20,207
Goods in transit	9,967	563
	<u>278,539</u>	<u>76,294</u>

## 12. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	<u>114,245</u>	<u>38,964</u>
Less: allowance for impairment	<u>(2,259)</u>	<u>(708)</u>
Net carrying amount	<u><b>111,986</b></u>	<u><b>38,256</b></u>

An aging analysis of the trade receivables as at the end of the year, based on the billing date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	110,409	36,428
3 to 6 months	1,182	1,600
6 to 9 months	180	110
9 months to 1 year	158	34
Over 1 year	<u>57</u>	<u>84</u>
	<u><b>111,986</b></u>	<u><b>38,256</b></u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	708	448
Impairment losses, net	1,698	871
Write-off	<u>(147)</u>	<u>(611)</u>
At end of year	<u><b>2,259</b></u>	<u><b>708</b></u>

## 13. TRADE AND NOTES PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	360,069	198,871
Notes payables	<u>206,629</u>	<u>60,800</u>
	<u><b>566,698</b></u>	<u><b>259,671</b></u>

An aging analysis of the trade and notes payables as at the end of the year, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	246,556	169,638
3 to 6 months	260,724	85,613
6 to 12 months	58,931	4,001
Over 1 years	487	419
	<u>566,698</u>	<u>259,671</u>

#### 14. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current:		
Loan payable to a third party (i)	–	7,083
Current:		
Payables for purchase of non-current assets	89,146	26,596
Accrued expenses	56,582	55,703
Salaries and benefits payables	52,521	33,782
Tax payables other than corporate income tax	41,186	17,704
Accrued listing expenses	25,068	–
Customer deposits	5,393	4,140
Payables for acquisition of non-controlling interest equity	–	30,000
Others	2,426	1,448
	<u>272,322</u>	<u>169,373</u>
	<u>272,322</u>	<u>176,456</u>

- (i) In February 2019, the Group entered into unsecured three-year loan agreements of USD1,000,000 with an independent third-party individual. In February 2022, the Group and the individual reached an supplemental agreement to extend the due date to February 2025. The loan was repaid in April 2024.

## 15. CONVERTIBLE REDEEMABLE PREFERRED SHARES

	Series Angel Convertible Redeemable Preferred Shares		Series Pre-A Convertible Redeemable Preferred Shares		Series A Convertible Redeemable Preferred Shares		Total
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2024	<u>6,267,235</u>	<u>216,405</u>	<u>13,161,290</u>	<u>505,575</u>	<u>25,922,170</u>	<u>1,126,036</u>	<u>1,848,016</u>
Termination of Warrant agreement	-	-	-	-	(5,767,820)	(183,000)	(183,000)
Changes in fair value	-	133,035	-	228,256	-	180,705	541,996
As at December 31, 2024	<u>6,267,235</u>	<u>349,440</u>	<u>13,161,290</u>	<u>733,831</u>	<u>20,154,350</u>	<u>1,123,741</u>	<u>2,207,012</u>
As at January 1, 2023	6,267,235	175,420	13,161,290	421,133	25,922,170	977,331	1,573,884
Changes in fair value	-	40,985	-	84,442	-	148,705	274,132
As at December 31, 2023	<u>6,267,235</u>	<u>216,405</u>	<u>13,161,290</u>	<u>505,575</u>	<u>25,922,170</u>	<u>1,126,036</u>	<u>1,848,016</u>

As at December 31, 2023 and 2024, we had convertible redeemable preferred shares of RMB1,848.0 million and RMB2,207.0 million, respectively. On April 3, 2024, the Company entered into a warrant termination agreement with Hainan Yunfeng Tuoyuan Fund Center (Limited Partnership) (海南雲鋒拓源基金中心(有限合夥)) with an aggregate of 5,767,820 Series A Preferred Shares (the “Warrant”) and then settled the Warrant in cash of RMB183.0 million. As at December 31, 2024, we had an aggregate of 39,582,875 convertible redeemable preferred shares.

In January 2025, the Company successfully completed its Global Offering on the Main Board of The Stock Exchange of Hong Kong Limited. Upon listing, pursuant to the Articles and the written resolutions of the Shareholders dated December 18, 2024, each Preferred Share shall automatically be converted, by reclassification and re-designation, into ordinary Shares on a one-for-one basis upon the closing of the Global Offering pursuant to the automatic conversion mechanism under Article 51 of the Memorandum and Articles of Association (“Memorandum and Articles of Association”) (the “Conversion”) each ranking pari passu in all respect with the existing ordinary Shares in the share capital of the Company.

## 16. SHARE CAPITAL

### Authorised

	As at December 31, 2023 and December 31, 2024	
	Authorised number of shares	Nominal value of shares USD
Ordinary shares of USD0.0001 each	425,724,240	42,572
Series Angel Preferred Shares of USD0.0001 each	35,192,300	3,519
Series Pre-A Preferred Shares of USD0.0001 each	13,161,290	1,316
Series A Preferred Shares of USD0.0001 each	25,922,170	2,592

### Issued and fully paid

	As at December 31, 2023 and December 31, 2024		
	Number of shares	Nominal value of shares USD	Nominal value of shares RMB
Ordinary shares			
Ordinary shares of USD0.0001 each	148,844,005	14,884	106,822
Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) of USD0.0001 each	28,925,065	2,893	20,759
	<u>177,769,070</u>	<u>17,777</u>	<u>127,581</u>

As at December 31, 2023 and 2024, the Company had nominal value of ordinary shares of RMB106,822 and nominal value of Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) of RMB20,759. Warrant with 5,767,820 shares was terminated on April 3, 2024 but still within authorised Series A Preferred Share.

In January 2025, the Company successfully completed its Global Offering of 27,738,300 shares with the Offer Size Adjustment Option exercised at an offer price of HK\$60.35 per share on the Main Board of The Stock Exchange of Hong Kong Limited. In February 2025, the underwriters of the Global Offering fully exercised the Over-Allotment Option, and an aggregate of 4,160,700 shares at an offer price of HK\$60.35 per share were newly allotted and issued by the Company. Upon listing, pursuant to the Articles and the written resolutions of the Shareholders dated December 18, 2024, each Preferred Share shall automatically be converted, by reclassification and re-designation, into ordinary Shares on a one-for-one basis upon the closing of the Global Offering pursuant to the automatic conversion mechanism under Article 51 of the Memorandum and Articles of Association (“**Memorandum and Articles of Association**”) (the “**Conversion**”) each ranking pari passu in all respect with the existing ordinary Shares in the share capital of the Company.



The movement of share capital is shown as below:

	<b>Number of shares</b>
<b>Ordinary shares</b>	
As at January 1, 2025	
Ordinary shares	148,844,005
Series Angel Preferred Shares (except for Series Angel Convertible Redeemable Preferred Shares) issued	<u>28,925,065</u>
	177,769,070
Issuance relating to initial public offering	27,738,300
Exercise of Over-Allotment Option	4,160,700
Conversion of convertible redeemable preferred shares	<u>39,582,875</u>
After listing and exercising of Over-Allotment Option	<u><u>249,250,945</u></u>

#### 17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank	<b>747,118</b>	363,786
Cash equivalents (i)	<b>5,986</b>	<u>5,192</u>
Subtotal	<b><u>753,104</u></b>	<u>368,978</u>
Less:		
Pledged deposits for letters of guarantee	<b>(985)</b>	–
Pledged deposits for notes payables	<b>(32,157)</b>	<u>(8,141)</u>
Cash and cash equivalents	<b><u>719,962</u></b>	<u>360,837</u>

- (i) Cash equivalents represent cash balances kept in third party payment platforms, such as Ali-pay and WeChat accounts which can be withdrawn by the Group at any time.

Cash and cash equivalents and pledged deposits are denominated in the following currencies:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
RMB	<b>714,439</b>	360,451
USD	<b>36,156</b>	8,493
Others	<b>2,509</b>	34
	<b><u>753,104</u></b>	<u>368,978</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

#### **18. DIVIDENDS**

No dividends have been paid or declared by the Company during the years ended December 31, 2024 and 2023.

#### **19. EVENTS AFTER THE REPORTING PERIOD**

Except for the subsequent listing event, as disclosed in Note 15 and Note 16 above, there is no other significant events took place subsequent to December 31, 2024 and up to the date of this announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

We are a leader of assembly character toys in China. Leveraging our portfolio of more than 500 patents, in-house IP development capability and cooperative relationships with approximately 50 renowned IP franchises, we are dedicated to providing consumers with a wide range of quality-for-money assembly character toys. Our assembly character toys recreate the essence of IP characters. Through the combination of our product strength and supply chain capabilities, we are able to maintain cost advantages and continuously expand product categories.

During the Reporting Period, our sales revenue amounted to RMB2,240.9 million, representing an increase of 155.6% compared to that of 2023, and our loss for the year amounted to RMB398.0 million, representing an increase of 91.8% compared to that of 2023.

### **Continuing to Develop the Bloks System and Enhance Our R&D Capabilities**

From our market observance, character toys exhibit individuality elements such as the recreation of the IP characters and simulation of their poses, while there is a lack of a highly standardized system for industry players to efficiently and consistently launch products that combine assembling experience, consistent quality and great value-for-money. The application of assembling mechanism in character toys is typically done through either construction blocks or a high proportion of customized components to recreate the IP characters and simulate their poses. We combine the advantages of character toys and assembling mechanism and improve thereupon and introduce our Bloks System, which comprises the standardization of product design, R&D and production, a self-compatible product system and a consumer ecosystem, and enabled us to forge a new assembly character toy category combining standardization and individuality elements, which offer consumers a new choice in the character toy segment with our patent-protected Bloks System.

For the standardization of product design, R&D and production, our products are designed based on the maximum use of standard components through our component-related patents and production technique-related patents. In terms of self-compatible product system, our rich IP portfolio not only enables consumers to “mix-and-match” the highly compatible components from different products to form unique and individualistic assembly and re-creations based on their creativity and interests. For the consumer ecosystem, since IP characters are closely associated with rich contents that can be widely disseminated, we execute a content-driven online marketing strategy to effectively reach and maintain a broad base of consumers, fans and BFCs, thereby nurturing a consumer ecosystem with a closed loop. As a result, our Bloks System provides the foundation of our R&D, which is crucial to our success.

We have established a dedicated R&D team consisting of 472 employees as of the end of the Reporting Period. Our R&D team members possess deep experience and understanding of toys, consumer goods and popular culture. Throughout the product design and development process, we leverage our consumer insights from the collection of feedback and consumer participation. During the Reporting Period, our R&D expenditure was RMB192.5 million, accounting for 8.6% of our total revenue during the same period. As of the end of the Reporting Period, we had 514 domestic authorized patents, 75 domestic invention patents and 24 oversea authorized patents.

### **Continuously Enriching Our Product Offering and IP Portfolio Matrix**

Our product offering and our IP portfolio are the key factors to our development, since our operation goal is to create highly popular and fun assembly character toys, address global consumers' widespread demand for toys that recreate the essence of IP characters, and deliver the joy of assembling. Through a large number of SKUs, a comprehensive price segment coverage and a rich IP portfolio, we have built an expansive matrix-style product offering and continue to serve consumers, fans and BFCs with a wide selection of products.

Our products offer consumers various quality-for-money choices, including excellent play experience, exquisite design and high quality. We primarily offer assembly character toys, and to a lesser extent, brick-based toys. During the Reporting Period, revenue generated from assembly character toys amounted to RMB2,201.1 million, representing 98.2% of our total revenue during the same period, and revenue generated from brick-based toys amounted to RMB39.4 million, representing 1.8% of our total revenue during the same period. This sales performance was primarily due to our large number of SKUs, which enabled us to cater all demographics, all price segments and global consumers.

During the Reporting Period, we further expanded our price segment coverage of our products. We launched the TRANSFORMERS Galaxy Version Defender in the value price segment at a suggested retail price of RMB9.9 per unit by the end of 2024 to enlarge our SKUs. As of the end of the Reporting Period, we had diversified a product portfolio of 682 SKUs, including 132 SKUs designed primarily for children under the age of six, 519 SKUs designed primarily for consumers between the ages of six and 16, and 31 SKUs designed primarily for consumers over the age of 16. Specifically, during the Reporting Period, Ultraman, TRANSFORMERS, Hero Infinity and Kamen Rider were our top four selling IP products. During the Reporting Period, our revenue generated from Ultraman, TRANSFORMERS, Hero Infinity and Kamen Rider amounted to RMB1,095.8 million, RMB453.7 million, RMB309.9 million and RMB170.0 million, respectively.

Given the advantage of our assembly character toys is that they could recreate the essence of IP characters, the number of our IPs also contributes to our product portfolio. Our IP portfolio can be divided into two parts, namely self-developed IPs and renowned licensed IPs. As of the end of the Reporting Period, we have two self-developed IPs, namely the children-development-oriented Magic Blocks (百變布魯可) and the Chinese culture-themed Hero Infinity (英雄無限), and approximately 50 licensed IPs. As of the end of the Reporting Period, the number of our self-developed IPs remains stable compared to that as of December 31, 2023 and the number of our licensed IPs increased from approximately 27 as of December 31, 2023 to approximately 50 as of the end of the Reporting Period including but not limited to SUPER SENTAI, Anime ULTRAMAN Series, as well as DC's Superman, DC's Batman, Harry Potter and STAR WARS. These newly licensed IPs could enable us to develop, produce and sell assembly character toys under these IPs. Going forward, we will keep looking for IPs that are widely popular and can potentially complement our current product offering and further expand our target consumer groups.

### **Expanding Our Sales Channels and Improving Our Marketing Performance**

During the Reporting Period, we sold our products through a multi-channel sales network, which consisted of (i) offline sales channels, including distributors and consignment sales, and (ii) online sales channels, including various e-commerce platforms. All our current products are available for sale in each of our sales channels.

Since our assembly character toys are IP based toys which are closely associated with rich contents that can be widely disseminated, we adopt a content-driven online marketing strategy that enables us to effectively reach and maintain a broad base of consumers, fans and BFCs, and collect feedback on our products.

#### ***Offline Sales Channels***

During the Reporting Period, our offline sales channels included distribution sales and consignment sales. For the same period, our offline distribution sales amounted to RMB2,062.9 million and our consignment sales amounted to RMB22.0 million.

The background of our distributors typically includes distributors of toys and cultural and creative products with specific regional coverage and established local sales network. During the Reporting period, our offline distribution sales increased from RMB732.7 million in 2023 to RMB2,062.9 million, accounting for 92.1% of our total revenue during the same period.

Apart from China, we also sell our products in overseas markets. During the Reporting Period, we incorporated subsidiaries in United Kingdom, Indonesia, Malaysia and Singapore to expand our overseas markets. During the Reporting Period, Indonesia and United States were the top two revenue generated countries of our overseas markets. During the Reporting Period, our revenue from overseas sales increased by 518.2% from RMB10.4 million in 2023 to RMB64.2 million.

In addition to distribution sales, we also make consignment sales at retail outlets operated by our consignment sales partners. Ownership of the goods remains with us until sales to consumers occur. During the Reporting Period, we had three consignment sales partners, which remains stable compared with 2023. During the Reporting Period, our consignment sales decreased from RMB36.4 million in 2023 to RMB22.0 million, accounting for 1.0% of our total revenue in the Reporting Period.

### ***Online Sales Channels***

We have established our online channels, primarily through (i) the opening of flagship stores on Tmall, JD.com, Douyin, Pinduoduo and other e-commerce platforms in China, and (ii) our Weixin mini program Bloks Club. During the Reporting Period, our revenue from our online channels increased from RMB106.2 million in 2023 to RMB155.7 million, accounting for 6.9% of our total revenue in the Reporting Period.

### ***Marketing***

During the Reporting Period, we used multiple communication channels, including our official accounts and the accounts of KOLs, KOCs, fans and BFCs on social media platforms. We used our official accounts to publish high-quality images and videos that highlight our product design and the IP character elements to promote our products and their assembling experience, which could strengthen our brand awareness as well. We worked with KOLs and KOCs to publish a wide range of content in different forms including videos and posts, demonstrating the features of our products. Meanwhile, we also encourage our consumers and fans to become BFCs and create UGCs on social media platforms or through official reposting and event operations. In June 2024, we held the first BFC Creation Competition together with our business partner. We received hundreds of works recreated by our BFCs and the total topic views regarding our BFC Creation Competition exceeded 400,000, which showed the vitality of our BFC community.

We also actively attended toy fair to present and promote our products worldwide. In October 2024, we presented the latest product innovations at the 2024 China Toy Expo, held at the Shanghai New International Expo Center from October 16 to 18, 2024. In December 2024, we attended the Singapore Comic Con from December 7 to 8, 2024 and unveiled our new Sesame Street collection for the first time and showcased an impressive array of figures. We are looking forward to attending more international toy fairs to present and promote our assembly character toys globally.

### **Focusing on Our Product Quality and Practicing Our Corporate Social Responsibilities**

We always place strong emphasis on product quality and have a dedicated quality control team. We adopt a comprehensive quality control system that covers product design and development, raw material suppliers, production, warehousing and logistics. Meanwhile, we believe product quality is not only an operation level requirement but also a corporate social responsibility requirement.

For our comprehensive quality control system, we assess our products with strict domestic and global quality standards including China’s toy safety standard GB6675-2014, the United States toy safety standard ASTM F963 and the European Union toy safety standard EN71. The specifications of our products, including the size of the blocks and components, are in line with the aforementioned applicable domestic and global quality standards.

In addition, we found that there were a large number of counterfeit products had appeared on the market since the second half of 2023. These products counterfeited our product design, infringed our intellectual property rights and would end up damaging the quality reputation of our products. Since we have a zero-tolerance attitude towards counterfeit products, we reported these cases to the police as the intellectual property rights holder and sought to hold the infringer criminally liable for the infringements of our intellectual property rights. After careful investigation, the police authority located several workshops of counterfeit products in Guangdong Province. They finally destroyed 6 counterfeit dens with a large number of police forces in April 2024, which also effectively curbed the circulation of counterfeit products. Furthermore, in November 2024, we worked with the market supervision and management departments of Nanyang Government, Henan Province and Dongyang Government, Zhejiang Province to conduct administrative enforcement against local intellectual property infringement merchants and seized a large number of infringing goods on the spot. Those actions also conveyed to the market our determination to resolutely defend market order, protect the legitimate rights and interests of consumers, maintain our brand reputation and protect our intellectual property rights. We believe the control and monitoring of the counterfeit products forms part of our corporate social responsibilities.

Moreover, we also participated in the 25th “Happy Summer in Metro City (歡樂暑期在美羅城)” hosted by Metro City (美羅城) in Xuhui to spread love and care for children in July 2024. “Happy Summer in Metro City” is an annual event of the Metro City since 1999 to provide a variety of holiday experiences for children in summer holiday. In this event, we provided children with two series of our products, namely Blokees Spidey And His Amazing Friends Series 1 (布魯可蜘蛛俠夥伴神奇版第1彈) and Blokees Marvel Infinity Saga Galaxy Version Series 1 (布魯可漫威英雄群星版第1彈), which convey the power of happiness and accompany to children and enable them to celebrate the summer holiday.

## **Business Outlook**

Going forward to 2025, we will continue to enhance our R&D capabilities in relation to product design and development, drive ourselves to obtain an extensive patent portfolio and solidify our production techniques, toy assembly structure and toy connecting mechanism. We will continue to enrich our IP portfolio to carry out our growth strategies, since our strategy is to meet the needs of diverse consumers and fans and reach global consumers across different age groups through in-house IP development and extensive cooperation with proprietors of renowned IPs. We will further make investment on sales and marketing, especially content-driven marketing activities, to improve our brand recognition and product popularity in China and overseas markets, especially establishing and enhancing our overseas presence in the United States, European and Southeast Asian countries such as Singapore, Malaysia, and Thailand. In an increasingly competitive market, we will always stick with our goals and seize the emerging opportunities to provide quality-for-money toys and bring the fun of assembling.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, we primarily generated revenue from sales of toys, including assembly character toys and brick-based toys, as well as from other businesses to a much lesser extent. Our revenue was recorded net of discount and rebate.

#### *By Business Nature*

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Revenue</b>		
Toys		
Assembly character toys	<b>2,201,104</b>	769,038
Brick-based toys	<b>39,432</b>	106,282
<b>Sub-total</b>	<b>2,240,536</b>	875,320
Others	<b>393</b>	1,366
<b>Total</b>	<b>2,240,929</b>	876,686

Our revenue increased by 155.6% from RMB876.7 million in 2023 to RMB2,240.9 million in 2024 primarily attributable to a significant increase in revenue from assembly character toys.

#### *Assembly Character Toys*

Our revenue from assembly character toy sales increased by 186.2% from RMB769.0 million in 2023 to RMB2,201.1 million in 2024, primarily due to a 269.3% increase in the sales volume of our assembly character toys from 36.5 million units in 2023 to 134.7 million units in 2024, which in turn was mainly attributable to the successful commercialization of an expanding and diversifying portfolio of self-developed and licensed IPs and the rapid expansion of our sales network. As a percentage of our total revenue, our revenue from assembly character toy sales increased from 87.7% in 2023 to 98.2% in 2024.

#### *Brick-based Toys*

Our revenue from brick-based toy sales decreased by 62.9% from RMB106.3 million in 2023 to RMB39.4 million in 2024, primarily due to a 58.2% decrease in the sales volume of our brick-based toys from 0.9 million units in 2023 to 0.4 million units in 2024, primarily as we continued our focus on developing our assembly character toys business. As a percentage of our total revenue, our revenue from brick-based toy sales decreased from 12.1% in 2023 to 1.8% in 2024.



### *By Sales Channel*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Offline sales		
Distribution sales	2,062,865	732,700
Consignment sales	21,996	36,371
<b>Sub-total</b>	<b>2,084,861</b>	<b>769,071</b>
Online sales	155,675	106,249
Others	393	1,366
<b>Total</b>	<b>2,240,929</b>	<b>876,686</b>

During the Reporting Period, we established a multi-channel sale network, consisting of (i) offline sales channels, including distribution and consignment sales, and (ii) online sales channels, including various e-commerce platforms.

As such, our revenue from offline sales continued to increase in both absolute terms and as a percentage of our total revenue, which accounted for a substantial majority of our total revenue in 2023 and 2024.

### *By Region*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
China	2,176,708	866,297
Overseas		
Asia (excluding China)	39,215	3,958
North America	16,539	4,675
Others	8,467	1,756
<b>Sub-total</b>	<b>64,221</b>	<b>10,389</b>
<b>Total</b>	<b>2,240,929</b>	<b>876,686</b>

Our revenue from overseas sales increased by 518.2% from RMB10.4 million in 2023 to RMB64.2 million in 2024, primarily due to the increasing overseas sales volume of our assembly character toys.

### **Cost of Sales**

Our cost of sales increased by 130.0% from RMB461.8 million in 2023 to RMB1,062.1 million in 2024, primarily due to a 269.3% increase in the sales volume of our assembly character toys from 36.5 million units in 2023 to 134.7 million units in 2024.

## **Gross Profit**

Our gross profit increased by 184.1% from RMB414.9 million in 2023 to RMB1,178.8 million in 2024, primarily due to a 212.5% increase in gross profit from assembly character toy sales from RMB372.4 million in 2023 to RMB1,163.8 million in 2024, which was partially offset by a 64.6% decrease in gross profit from brick-based toy sales from RMB41.2 million in 2023 to RMB14.6 million in 2024. Our gross profit margin increased from 47.3% in 2023 to 52.6% in 2024, primarily due to increases in revenue contribution and gross profit margin from assembly character toy sales.

### ***Assembly Character Toys***

Our gross profit from assembly character toy sales increased by 212.5% from RMB372.4 million in 2023 to RMB1,163.8 million in 2024, primarily due to an increase in the sales volume of our assembly character toys. Our gross profit margin for assembly character toy sales increased from 48.4% in 2023 to 52.9% in 2024, primarily due to the economies of scale we achieved through the rapid growth in our assembly character toy sales.

### ***Brick-based Toys***

Our gross profit from brick-based toy sales decreased by 64.6% from RMB41.2 million in 2023 to RMB14.6 million in 2024, primarily due to the decrease in the sales volume of our brick-based toys. Our gross profit margin for brick-based toy sales remained relatively stable at 38.7% in 2023 and at 37.0% in 2024.

## **Selling and Distribution Expenses**

Our selling and distribution expenses increased by 49.6% from RMB189.3 million in 2023 to RMB283.1 million in 2024, primarily due to (i) an increase in marketing and promotion expenses of RMB38.0 million mainly for promoting our new products in line with our business growth, and (ii) an increase in employee benefit expenses of RMB39.3 million as a result of an increase in the number of personnel engaging in selling and distribution function in line with our rapid growth. Our selling and distribution expenses as a percentage of our total revenue decreased significantly from 21.6% in 2023 to 12.6% in 2024 primarily due to the economies of scale we achieved along with our growth.

## **R&D Expenses**

Our R&D expenses increased by 103.3% from RMB94.7 million in 2023 to RMB192.5 million in 2024, primarily due to (i) an increase in salaries, compensations and benefits of RMB59.8 million as a result of an increase in number of personnel engaging in R&D function, which in turn was driven by our commitment to R&D, and (ii) an increase in share-based compensations of RMB18.2 million mainly for share options granted under the Share Incentive Scheme in April 2024. Our R&D expenses as a percentage of our total revenue decreased from 10.8% in 2023 to 8.6% in 2024 primarily due to the economies of scale we achieved along with our growth.

## **Administrative Expenses**

Our administrative expenses increased by 844.6% from RMB49.2 million in 2023 to RMB465.0 million in 2024. Our administrative expenses as a percentage of our total revenue increased from 5.6% in 2023 to 20.8% in 2024, primarily due to (i) an increase in one-off share-based compensation of RMB359.3 million for share options granted under the Share Incentive Scheme in April 2024, and (ii) the listing expenses of RMB33.4 million we incurred in 2024.

## **Other Income, Other Gains and Losses, Net**

Other income, other gains and losses, net increased by 186.3% from RMB6.0 million in 2023 to RMB17.1 million in 2024, primarily due to an increase in government grants of RMB8.8 million. The government grants were received from the PRC local government authorities to support certain subsidiaries' operating activities.

## **Other Expenses**

Other expenses increased by 568.8% from RMB0.7 million in 2023 to RMB4.6 million in 2024, primarily because of (i) the exchange losses, net of RMB2.4 million in 2024, (ii) the bank charges of RMB1.2 million in 2024, and (iii) the impairment of non-current assets of RMB0.7 million for molds no longer in use in 2024.

## **Finance Costs**

Finance costs increased by 21.2% from RMB1.7 million in 2023 to RMB2.0 million in 2024, primarily because of an increase in interest on lease liabilities of RMB1.4 million in 2024, partially offset by a decrease in borrowing cost of RMB1.1 million in 2024.

## **Listing Expenses**

Among our listing expenses, approximately RMB33.4 million has been charged to our consolidated statement of profit or loss in 2024. We expect that no such expenses will be incurred in the future.

## **Fair Value Changes on Convertible Redeemable Preferred Shares**

We recorded fair value loss on convertible redeemable preferred shares of RMB274.1 million in 2023 and RMB542.0 million in 2024 primarily due to the increase in the valuation of the Company. Upon listing, pursuant to the Articles of Association and the Shareholders' written resolutions dated December 18, 2024, all preferred shares had been automatically converted into ordinary Shares. Following the completion of such conversion by January 2025, no further fair value changes in respect of the convertible redeemable preferred shares will be incurred.

## Income Tax Expense

Income tax expense increased by 480.2% from RMB17.6 million in 2023 to RMB102.4 million in 2024, primarily because of increase in both the current tax expense and deferred tax expense of RMB43.4 million and RMB41.4 million in 2024, respectively, primarily due to the economies of scale we achieved along with our growth.

## Loss for the Year

As a result of the foregoing, our loss for the year increased by 91.8% from RMB207.5 million in 2023 to RMB398.0 million in 2024.

## NON-IFRS MEASURES

We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted profit for the year (a non-IFRS measure) and adjusted net margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define adjusted profit for the year (a non-IFRS measure) as loss for the year adjusted for fair value changes on convertible redeemable preferred shares (a non-cash item), listing expenses and share-based compensations (a non-cash item). In particular, convertible redeemable preferred shares will be reclassified from liabilities to equity as a result of the conversion of convertible redeemable preferred shares into Ordinary Shares upon listing. We define adjusted net margin (a non-IFRS measure) as adjusted profit for the year (a non-IFRS measure) as a percentage of our total revenue.

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(in RMB thousands, except for percentages)</i>	
<b>Loss for the year</b>	<b>(398,044)</b>	(207,481)
Add:		
Fair value changes on convertible redeemable preferred shares	<b>541,996</b>	274,132
Listing expenses	<b>33,372</b>	–
Share-based compensations	<b>407,264</b>	6,231
<b>Adjusted profit for the year (a non-IFRS measure)</b>	<b>584,588</b>	72,882
<b>Adjusted net margin (a non-IFRS measure)</b>	<b>26.1%</b>	8.3%

For the year ended December 31, 2024, we recorded an adjusted profit for the year (a non-IFRS measure) of RMB584.6 million and an adjusted net margin (a non-IFRS measure) of 26.1%, as compared with an adjusted profit for the year (a non-IFRS measure) of RMB72.9 million and an adjusted net margin (a non-IFRS measure) of 8.3% in 2023. This is primarily due to our successful strategic diversification of our product offering to include assembly character toys. More specifically, we continued to scale up our business and execute a content driven marketing strategy, which resulted in a gradual increase in our gross profit margin and gradual decrease in our various operating expenses as a percentage of our total revenue starting from 2022.

As the revenue contribution from assembly character toys that carry a higher gross profit margin increased and our business scale grew, our gross profit margin grew from 47.3% in 2023 to 52.6% in 2024. In particular, the revenue contribution from assembly character toy sales increased from 87.7% in 2023 to 98.2% in 2024, and the sales volume of our assembly character toys grew significantly from 36.5 million units in 2023 to 134.7 million units in 2024.

The successful execution of a content driven marketing strategy, coupled with our significant revenue growth, resulted in a significant decrease in our selling and distribution expenses as a percentage of our revenue starting from 2022. In particular, our selling and distribution expenses as a percentage of our total revenue decreased from 21.6% in 2023 to 12.6% in 2024.

As a result of the improved economies of scale achieved, our R&D expenses as a percentage of our total revenue decreased from 10.8% in 2023 to 8.6% in 2024.

### **Inventories**

Our inventories include finished goods, raw materials and goods in transit. Our inventories increased from RMB76.3 million as of December 31, 2023 to RMB278.5 million as of December 31, 2024. The increase was primarily due to the increase in product inventories to meet with the sales demands. Inventory turnover days kept stable in 2023 and 2024.

### **Trade Receivables**

Our trade receivables primarily arise from sales of our products on credit. Advance payment is normally required except we granted credits to certain distributors with good track record and liquidity position, and consignment sales partners. The credit period granted is generally one to three months.

Our trade receivables increased from RMB38.3 million as of December 31, 2023 to RMB112.0 million as of December 31, 2024, primarily due to the increase of sales volume through key customers and online channels.

### **Trade and Notes Payables**

Our trade and notes payables primarily comprise payables to our suppliers, mainly our partner factories. Our trade and notes payables are non-interest bearing and normally settled on terms of three to seven months.

Our trade and notes payables increased from RMB259.7 million as of December 31, 2023 to RMB566.7 million as of December 31, 2024, primarily due to the continuous growth of our business.

### **Other Payables and Accruals**

Our other payables and accruals increased from RMB176.5 million as of December 31, 2023 to RMB272.3 million as of December 31, 2024, primarily due to (i) an increase in accrued listing expense of RMB25.1 million and (ii) an increase of RMB62.6 million payables for purchase of non-current assets mainly for molds..

### **Cash and Cash Equivalents**

In 2024, we financed our operations primarily through cash generated from our operating activities. As of December 31, 2024, we had cash and cash equivalents of RMB720.0 million, representing an increase of 99.5% from RMB360.8 million as of December 31, 2023.

### **Foreign Currency Risk**

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, we have currency exposures from our cash and cash equivalents. Our management considers our exposure to foreign currency risk is not significant.

## **OTHER INFORMATION**

### **Human Resources**

As of the end of Reporting Period, we had a total of 709 employees, including 163 sales personnel, and 472 R&D personnel. During the Reporting Period, we incurred staff costs (including remuneration, payrolls, allowances and benefits) of RMB656.3 million, of which RMB407.3 million was attributed to share-based compensations.

### **Material Acquisitions and Disposals**

During the Reporting Period, we had not conducted any material acquisition or disposal of subsidiaries, associates and joint ventures.

### **Final Dividend**

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024.

### **Use of Proceeds from the Global Offering**

The Shares were listed on the Main Board of the Stock Exchange on January 10, 2025. The net proceeds received from the Global Offering (after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering) was approximately HK\$1,790.4 million.

There has been no change in the intended use of the net proceeds as set out in the Prospectus under the section headed “Future Plans and Use of Proceeds”. The net proceeds from the Global Offering (adjusted on a pro rata basis based on the actual net proceeds) will be utilized in the manner as set out in the Prospectus under the section headed “Future Plans and Use of Proceeds”.

The following table sets forth a summary of the intended use of net proceeds from the Global Offering and their expected timeline of full utilization. Since the Shares were listed on the Main Board of the Stock Exchange on January 10, 2025, details of the utilization of net proceeds from the global offering was not available during the Reporting Period.

	Percentage of net proceeds from the Global Offering (%)	Net proceeds from the Global Offering (HK\$ in million)	Expected timeline for unutilized net proceeds
Enhance our R&D capabilities in relation to product design and development	25	447.70	Before June 30, 2028
Invest in core production resources and our own scaled factories specializing in the production of assembly character toys	25	447.70	
– invest in molds	15	268.70	Before June 30, 2028
– partially fund the establishment of our own production capacity	10	179.00	Before June 30, 2027
Further enrich our IP portfolio	20	358.00	
– Continue to invest in content production relating to our self-developed IPs, primarily in the form of animation	5	89.50	Before June 30, 2028
– Strengthen our efforts in IP development through collaboration	10	179.00	Before June 30, 2028
– Solidify and expand our licensed IP portfolio	5	89.50	Before December 31, 2027
Sales and marketing efforts	20	358.00	
– Marketing and promotion in China and overseas markets	10	179.00	Before June 30, 2028
– Expanding the sales and marketing team and other purposes in relation to sales, marketing and promotion	10	179.00	Before June 30, 2028
Working capital and other general corporate purposes	10	179.00	Before June 30, 2028
<b>Total</b>	<b>100</b>	<b>1,790.40</b>	

## **Subsequent Event after the Reporting Period**

Saved as disclosed in this announcement, the Group has no significant events occurred after the Reporting Period which require additional disclosures or adjustments as of the date of this announcement.

## **Closure of Register of Members**

The AGM will be held on Friday, June 6, 2025. The register of members of the Company will be closed from Tuesday, June 3, 2025 to Friday, June 6, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM. To be eligible to attend the AGM, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, June 2, 2025.

## **Corporate Governance Practice**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the requirements and code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

As the Shares were not listed on the Stock Exchange during the Reporting Period, the Corporate Governance Code was not applicable to the Company during that period, but has become applicable to the Company since the Listing Date. Save for the deviation from code provisions C.2.1 and D.1.2 as set out in Part 2 of the Corporate Governance Code, which is explained in the following paragraph, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code since the Listing Date to the date of this announcement.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhu is currently the chairman and the chief executive officer of the Company. He is the founder of the Group and has been operating and managing the Group since its establishment. The Board believes that Mr. Zhu has been instrumental to the growth and business expansion of the Group. The Board is of the view that the vesting the roles of the chairman and chief executive officer on him is beneficial to the management of the Company and therefore currently do not propose to separate the roles of chairman and chief executive officer.

While this will constitute a deviation from code provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that:

- (i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors, and the Board has two non-executive Directors as well as three independent non-executive Directors out of the seven Directors, which is in compliance with the Listing Rules;



- (ii) Mr. Zhu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly;
- (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and
- (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Company to assess whether separation of the roles of the chairman of the Board and the chief executive officer of the Company is necessary.

Pursuant to code provision D.1.2 of the Corporate Governance Code, the management of the Group is required to provide all members of the Board with monthly updates on the Company's business. The management of the Group currently reports to the Board quarterly on the Group's performance, position and prospects. The Board believes that with the executive Directors overseeing the daily operation of the Group and the effective communication between the executive Directors, the management and the non-executive Directors (including the independent non-executive Directors) on the Group's affairs, the current practice is sufficient enough for the members of the Board to discharge their duties. However, this will constitute a deviation from code provision D.1.2 of the Corporate Governance Code. The Board will continue to review this practice and shall make necessary changes when appropriate and report to the Shareholders accordingly.

The following is a summary of work performed by the Board in determining the policy for the corporate governance of the Company during the year ended December 31, 2024:

- (1) Developed and reviewed the Company's policies and practices on corporate governance;
- (2) Reviewed and monitored the training and continuous professional development of Directors and senior management;
- (3) Reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) Developed, reviewed and monitored the code of conduct and other rules applicable to employees and Directors; and
- (5) Reviewed the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

We will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by the Directors. As the Shares were not listed on the Stock Exchange during the Reporting Period, the relevant rules under the Model Code that the Directors shall observe did not apply to the Directors during the Reporting Period. Having made specific enquiries to all Directors, each Director has confirmed that he/she has complied with the required standards as set out in the Model Code during the period from the Listing Date and up to the date of this announcement.

## **Purchase, Sale or Redemption of Listed Securities**

As the Shares were not listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period, nor during the period from the Listing Date and up to the date of this announcement.

## **Audit Committee**

The Audit Committee, after the discussion with the Auditor, has reviewed the Group's consolidated financial statements for the year ended December 31, 2024. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters in respect of risk management and internal control of the Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

The Group's consolidated financial statements for the year ended December 31, 2024 have been prepared in accordance with IFRS Accounting Standards.

## **Scope of Work of Auditor on the Annual Results Announcement**

The figures set out in this preliminary results announcement for the year ended December 31, 2024 have been compared by the Group's independent auditor, Ernst & Young, Certified Public Accountants in Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance on this preliminary results announcement has been expressed by Ernst & Young.

## **Publication of Annual Results and 2024 Annual Report**

The annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.bloks.com](http://www.bloks.com)). The annual report will be dispatched to the Shareholders (if requested) and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board  
**Bloks Group Limited**  
**Mr. Zhu Weisong**  
*Chairman of the Board, Executive Director and  
Chief Executive Officer*

Hong Kong, March 21, 2025

*As of the date of this announcement, the Board comprises Mr. Zhu Weisong and Mr. Sheng Xiaofeng as executive Directors; Mr. Chang Kaisi and Mr. Chen Rui as non-executive Directors; and Mr. Gao Pingyang, Ms. Huang Rong and Mr. Shang Jian as independent non-executive Directors.*

## DEFINITION

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held on June 6, 2025
“Articles” or “Articles of Association”	the articles of association of the Company adopted on December 18, 2024, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Auditor”	Ernst & Young, the external auditor of the Company
“BFCs”	Blokees Figures Creator, person who re-creates our products or produces creative content related to our products, and shares such content
“Board” or “Board of Directors”	the board of directors of the Company
“China”, “mainland China” or “the PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China, except where the content or context requires otherwise
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company” or “our Company”	Bloks Group Limited (布魯可集團有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability on July 28, 2021
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GB6675-2014”	China national safety standards for toys
“Global Offering”	the global offering of the Ordinary Shares

“Group”, “our Group” or “we”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the content may require), or where the context so requires, in respect of the periods before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board
“IFRS Accounting Standards”	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
“IP”	characters, films or other artistic works and their underlying intellectual property rights
“KOC”	key opinion consumer
“KOL”	key opinion leader
“Listing Date”	January 10, 2025
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Zhu”	Mr. Zhu Weisong (朱偉松), founder, Chairman, executive Director, chief executive officer of the Company
“Ordinary Share(s)”	ordinary share(s) in the share capital of our Company, of nominal value of US\$0.0001 each
“Prospectus”	prospectus of the Company dated December 31, 2024

“R&D”	research and development
“Reporting Period”	the year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Ordinary Shares, Series Angel Preferred Shares, Series Pre-A Preferred Shares and Series A Preferred Shares in the capital of our Company, as the context so requires
“Shareholder(s)”	holder(s) of the Shares
“Share Incentive Scheme”	the share incentive scheme adopted by the Company on January 12, 2023 and amended and restated on March 29, 2024
“SKU(s)”	stock keeping units, being the smallest unit of inventory available for sale
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UGC(s)”	user-generated content(s)
“US\$” or “USD”	the lawful currency of the United States of America
“%”	per cent