Black Sesame International Holding Limited
黑芝麻智能國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2533)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended December 31, 2024 together with comparative figures for the year ended December 31, 2023. The consolidated financial results for the year ended December 31, 2024 have been audited by the Auditor in accordance with the International Standards on Auditing, and reviewed and confirmed by the Board and the Audit Committee.

KEY HIGHLIGHTS

Financial Summary

	Year ended December 31,				**Year-over-year change**
	2024		2023		
	Amount	**% of revenue**	Amount	% of revenue	%
	(RMB in thousands, except for percentages)				
Revenue	**474,252**	**100.0**	312,391	100.0	51.8
Gross profit	**194,708**	**41.1**	77,143	24.7	152.4
Profit/(loss) for the year	**313,315**	**66.1**	(4,855,118)	(1,554.2)	N/A
Non-IFRS Measures:					
Adjusted net loss	**(1,304,251)**	**(275.0)**	(1,254,247)	(401.5)	4.0

* *For identification purposes only*

BUSINESS REVIEW

In 2024, the Company continually achieved breakthroughs in the mass production of autonomous driving chips and solutions. The Navigate on Autopilot ("**NoA**") function was rapidly upgraded and iterated. Relying on its existing mass-produced vehicle models, the Company focused on leading new energy vehicle manufacturers while extending its reach to leading fuel vehicle manufacturers, thereby improving the penetration rate of its intelligent driving solutions. Additionally, the Company validated and expanded its mass production of products into areas including commercial vehicles, special purpose vehicles, vehicle-road-cloud integration and humanoid robots, diversifying its business models and scenarios, and continuously achieving economies of scale and breakthroughs in commercialization. The revenue of the Company increased from RMB312.4 million in 2023 to RMB474.3 million in 2024, representing a year-on-year increase of 51.8%. The gross profit margin improved from 24.7% in 2023 to 41.1% in 2024.

I. Accelerating the Mass Production of Highway NoA and Realizing the Mass Production of Urban NoA

The Company's A1000 series chips have been scaled up for mass production and delivery in Geely (including but not limited to Lynk & Co series, Galaxy series, etc.), Dongfeng (including but not limited to eπ series, etc.), and leading automakers such as BYD. The Company's highway NoA solutions based on A1000 series chips have now covered highways nationwide and multiple major urban expressways.

In 2024, the Wudang C1200 series cross-domain integrated chips completed the validation of the urban mapless NoA function. The Company established deep collaborations with enterprises including FAW Group, Dongfeng, Aptiv, Joyson Electronics and Banma. The Company's C1236 chips had been designed for products focused on advanced intelligent driving fields, supporting integrated highway NoA, driving and parking functions with a single chip, and enabling their application in urban NoA and other scenarios based on bird's eye view ("**BEV**") mapless solutions. The C1296 chips focused on the cross-domain integrated computation, covering multiple-domain functions such as cockpit, intelligent driving, parking and body control with a single chip, and supporting integrated cockpit-driving solutions. By the end of 2024, the Company has obtained designated mass production projects from two mainstream original equipment manufacturers ("**OEMs**") for its Wudang C1200 series chips.

II. Continuously Upgrading Algorithms for Product Toolchains and Achieving Significant Breakthroughs in Core Intellectual Properties ("IPs")

By the end of 2024, the Company has launched the Huashan A2000 series products, a platform for the new-generation high-computing power chips designed with artificial intelligence ("**AI**") models. These series chips natively support the Transformer structure, enabling the efficient deployment and operation of large models, significantly improving the processing efficiency of autonomous driving systems, and helping to create comprehensive autonomous driving solutions for all scenarios. Alongside the A2000 series chips, the Company has introduced the new-generation universal AI toolchain, BaRT, which supports mainstream frameworks and model conversions, lowering the development threshold. Additionally, the dual-chip interconnect technology, BLink, achieves efficient computing power expansion through Cache-coherent interconnects.

The Company has continued to deepen its research and development of core IPs to meet its demands for autonomous driving technologies, with a focus on breaking through two core technologies including neural processing unit ("**NPU**") and image signal processor ("**ISP**"). The new AMCAX NPU, based on the Transformer structure, BEV perception models and large language models (LLMs), has improved both the computing power efficiency and algorithm accuracy through a dynamic computing resource allocation mechanism, significantly reducing the algorithm adaptation and deployment costs for automakers. On the visual processing side, the self-developed ISP technology has achieved the dynamic parameter configuration through scenario-based algorithm engines, meeting the differentiated needs for image quality and computing efficiency in various scenarios, and providing flexible and reliable visual solutions for multi-field applications.

III. Enriching the Application Scenarios of the Product Matrix and Accelerating the Commercialization Process

Relying on the continuous iteration of its chips and solutions, the Company has continuously expanded its application scenarios into businesses including commercial vehicles, vehicle-road-cloud integration and intelligent imaging, and accelerated the commercialization process.

In the field of commercial vehicles, the Company has completed the layout for special purpose vehicle models such as engineering sanitation vehicles and heavy-duty trucks, focused on scenarios such as highway trunk lines and unmanned logistics within factories, and upgraded its Patronus 2.0 adaptive safety system to cover functions such as autonomous emergency braking ("**AEB**"), blind-spot detection and surround view. During the Reporting Period, customers in the field of commercial vehicles have remained to grow rapidly, leading to the continuous increase in business volume. The Company has secured vehicle-road-cloud integration pilot projects in multiple cities, including Chengdu, Xiangyang, Ningbo and Tianjin. The Company has participated in the delivery of bracket chips and algorithm solutions covering multi-functional application scenarios, including intelligent connectivity, L4- and-below unmanned vehicle-road coordination. Leveraging its own technological advantages in ISP cores and intelligent imaging algorithms, the Company has provided industry-leading customers with a full suite of visual artificial intelligence algorithm products and technologies, while gradually expanding from original design manufacturers ("**ODMs**") to first-tier terminal manufacturers, and further consolidating its market position.

BUSINESS OUTLOOK

I. Deepening Collaboration with Leading Automakers and Continuously Increasing the Designated Vehicle Models for Mass Production

In 2025, the Company will accelerate the exploration of new customers and new vehicle models, particularly the mass production and delivery of new energy vehicles to leading customers, driving the rapid increase in chip shipments and revenue.

Based on its collaboration with ECARX under Geely, the Company has provided chips and solutions for Geely's advanced intelligent driving safety system, "**Qianli Haohan**", and relevant technologies will be applied in multiple vehicle models including Geely's Galaxy series launched this year. The Company has secured designated projects for a new platform from FAW Group, covering multiple fuel and new energy vehicle models, which are expected to achieve mass production this year. The Company's cooperation with Dongfeng has been further extended to the C1200, which is expected to drive the mass production of integrated cockpit-driving projects supporting highway NoA. In addition, the Company has maintained cooperation with other leading customers including BYD on A1000 series chips and intelligent driving solutions, and planned to further expand into more intelligent driving vehicle models and promote the mass production and delivery of solutions based on the next-generation series chips, thereby increasing the penetration rate of various chip products and solutions of the Company.

For A2000 chips supporting end-to-end large models based on BEV + Transformer, and comprehensively covering multi-level autonomous driving scenarios from urban NoA to fully unmanned Robotaxi, the Company is working with Tier 1 suppliers to develop intelligent driving solutions based on A2000 chips, is expected to complete the in-vehicle functional deployment this year, and strives to secure designated projects from leading major customers for vehicle models based on A2000 chips.

II. Building an Open Ecosystem for Intelligent Driving Solutions and Realizing Global Synergistic Business Development

The Company has already achieved mass production and delivery of highway NoA solutions based on A1000 chips. In 2025, the Company will focus on the research and development as well as the delivery of urban NoA intelligent driving solutions based on C1200 and A2000 chips. Currently, the Company's self-developed technical solutions have evolved to end-to-end algorithms based on large models. Meanwhile, the Company collaborates with industry-leading algorithm and hardware companies to build an open ecosystem, developing full-stack advanced intelligent driving solutions based on the chips of the Company, enhancing its delivery capabilities for automakers and deepening its cooperation with automakers, Tier 1 suppliers and global tech giants.

The Company will adhere to its global strategy, actively establishing cooperations with automakers and Tier 1 suppliers in overseas markets such as the United States and Europe, and gradually exploring overseas markets. In the ecosystem integration and market expansion process, the Company will achieve a dual-dimensional growth in business performance and industrial value.

III. Expanding into the Robotics Field and Being Expected to Achieving Batch Shipments in 2025

In 2025, the Company will continue leveraging its technological strengths in AI edge inference to expand into the robotics market. Through successive collaborations with several major robotics enterprises, it is expected that the Company will achieve batch shipment for its chip products and solutions in the robotics field this year.

The Company plans to collaborate with leading intelligent enterprises to develop embodied intelligence algorithms and hardware solutions based on the A2000. The Company's ground-breaking AMCAX AI accelerator structure based on A2000 chips supports multimodal large models, and has capabilities for inputting various types of data, including visual and text data, as well as natural language dialogue and task code generation capabilities.

The Wudang C1200 series chips, with the hardware isolation technology, support parallel AI computation and actuator control, efficiently processing the fusion of data from multiple sensors. Currently, the Company has already cooperated with Fourier to provide computing power support for its "**dexterous hands**". The Company will synchronously promote the development of high-performance computing-driven intelligent hardware technologies based on C1200 and A2000 series chips, and expand the application scenarios of robots in industrial, medical, service and other fields, providing solid support for the large-scale implementation of intelligent robot technologies.

IV. Expanding the Product Matrix and Application Scenarios and Realizing Intelligent Computing across All Scenarios

With the rapid development and widespread adoption of large models, applications based on large models are rapidly penetrating into various industries, driving a continuous increase in demand for inference computing power at the edge and on the device side. As AI inference chips based on the ASIC structure, the Company's existing A1000 series, C1200 series and newly launched A2000 products, have gained more application scenarios. It is expected that the Company will be able to generate scaled revenue in scenarios such as intelligent transportation and intelligent industry for its chips and computing platforms this year.

The Company has continuously expanded the application scenarios for commercial vehicles, upgraded the intelligent driving solutions for commercial vehicles based on its chips and algorithms, and established a comprehensive ecological chain involving solution providers, OEMs, business operating companies and other parties by utilizing self-developed high-computing power AI models. In the field of vehicle-road-cloud integration, the Company plans to launch AI low-latency products tailored for the vehicle-road-cloud integration, significantly improving the perception accuracy and real-time performance under complex traffic scenarios by optimizing image collecting and processing capabilities. Based on the next-generation high-computing power chips, the Company will introduce new edge computing unit products to further improve the computing power and response speed of roadside devices.

V. Deepening the Core IP Moat and Focusing on Investing in Cutting-edge Chip Technologies

1. Continuously Iterating Core IPs

The Company continues to invest in the research and development as well as the iteration of ISP to improve performance and reduce power consumption, thereby flexibly meeting the image collecting and processing demands under complex scenarios. The new-generation ISP technology will further optimize the ISP PIPE technology and the size, significantly reducing power consumption, and introducing efficient compression/decompression functions to support higher-bandwidth image data transmission and processing. The ISP will have diverse working modes, such as low-light conditions, high dynamic range (HDR) and multi-sensor fusion. These upgrades will significantly improve the visual perception efficiency and real-time performance of intelligent driving systems.

The Company will launch the new-generation NPU based on the AMCAX project, achieving a balance between high computing power and low power consumption, and driving performance improvements and cost optimization for intelligent driving and AI applications. The new-generation NPU will be able to support multiple visual solutions and model types, and further extend to complex AI tasks such as large language models, making it applicable to the computing hub of robots. Additionally, the NPU will serve as the core component of acceleration chips, providing efficient AI capabilities for computing power acceleration cards and various devices.

2. Comprehensively Upgrading the Performance of Chips

The Company remains focused on investing in the research and development of cutting-edge chip technologies, and upgrades the performance of chips focusing on four key directions including computing power improvement, security reinforcement, AI integration and cost optimization. In terms of computing power and performance improvement, the Company will achieve a significant increase in computing power per watt through proprietary structure optimization and computing efficiency improvement, while prioritizing energy consumption control and heat dissipation optimization to provide robust support for advanced autonomous driving. In terms of security and reliability reinforcement, the Company will adhere to stricter standards, adopting redundant designs, fault detection and advanced cybersecurity technologies to build a multi-layered protection system, and ensuring data security and system stability. In terms of AI integration, the Company will enhance its deep learning capabilities by embedding high-performance NPUs, supporting efficient inference for complex models such as Transformer, thereby improving algorithm execution efficiency. In terms of the technology in manufacturing processes and cost control, the Company will accelerate the research and development of advanced manufacturing processes to increase integration and performance, and optimize cost structures through technological innovation and economies of scale, promoting the widespread adoption of autonomous driving technologies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In terms of environment, as an autonomous driving chip design company, we outsource the production of relevant products. The Group advocates for sustainable procurement, and also takes into consideration sustainable factors such as environmental protection and social responsibility during the supplier admission and review process in addition to taking into account factors such as the business qualifications, quality and service of suppliers.

In terms of social responsibilities, the Group is dedicated to fostering a collaborative corporate culture characterized by integrity, innovation and passion, striving to provide an inclusive working environment and a competitive and equitable compensation for all employees. The Group conducts annual satisfaction surveys for employees, so as to gain deep insights into needs and expectations of employees, continuously optimize the working environment and enhance employee wellbeing.

In terms of governance, the Company always places operational compliance and business ethic construction at the core of its governance system, establishing a compliance management system that covers the entire business chain. The Company has specifically established an independent reporting platform and a dedicated protection mechanism to encourage employees to report non-compliant behaviours through multiple channels including legal and human resources departments, ensuring the effective implementation of its governance system.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2024 compared to Year ended December 31, 2023

The following table sets forth the comparative figures for the years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**474,252**	312,391
Cost of sales	**(279,544)**	(235,248)
Gross profit	**194,708**	77,143
Selling expenses	**(120,797)**	(101,842)
General and administrative expenses	**(368,819)**	(318,975)
Research and development expenses	**(1,435,156)**	(1,362,531)
Net impairment losses on financial assets	**(29,067)**	(9,412)
Other income	**14,740**	22,531
Other losses – net	**(9,591)**	(3,811)
Operating loss	**(1,753,982)**	(1,696,897)
Finance income	**41,084**	26,416
Finance costs	**(18,074)**	(3,377)
Finance income – net	**23,010**	23,039
Share of net loss of associates accounted for using the equity method	**(2,325)**	(1,441)
Fair value change in financial instruments issued to investors	**2,046,612**	(3,179,819)
Profit/(loss) before income tax	**313,315**	(4,855,118)
Income tax expense	**–**	–
Profit/(loss) for the year attributable to the equity holders of the Company	**313,315**	(4,855,118)
Non-IFRS Measures		
Adjusted net loss	**(1,304,251)**	(1,254,247)

Revenue

Our revenue increased by 51.8% from RMB312.4 million for the year ended December 31, 2023 to RMB474.3 million for the year ended December 31, 2024, primarily attributable to the increase in the sales of autonomous driving products and solutions.

Autonomous Driving Products and Solutions

Our revenue from autonomous driving products and solutions increased by 58.5% from RMB276.3 million for the year ended December 31, 2023 to RMB438.0 million for the year ended December 31, 2024, primarily due to (i) the continuous sale of chips and solutions to leading domestic automotive OEMs (including BYD, Dongfeng, Geely, etc.) and Tier 1 suppliers, and the steady increase in the number of usage in mass-produced vehicle models; (ii) the enhanced market penetration in the field of commercial vehicles brought by the expansion and development of the Group's product lines; and (iii) the increase in the Group's income in area such as vehicle-road-cloud integration with the release of relevant government policies.

Intelligent Imaging Solutions

Our revenue from intelligent imaging solutions remained relatively stable at RMB36.1 million for the year ended December 31, 2023 and RMB36.3 million for the year ended December 31, 2024.

Cost of Sales

Our cost of sales increased by 18.8% from RMB235.2 million for the year ended December 31, 2023 to RMB279.5 million for the year ended December 31, 2024, primarily due to the increase in the cost of sales for autonomous driving products and solutions.

Autonomous Driving Products and Solutions

The cost of sales for autonomous driving products and solutions increased by 26.2% from RMB217.2 million for the year ended December 31, 2023 to RMB274.2 million for the year ended December 31, 2024, primarily due to the slight increase in the costs relating to hardware components.

Intelligent Imaging Solutions

The cost of sales for intelligent imaging solutions decreased by 70.6% from RMB18.0 million for the year ended December 31, 2023 to RMB5.3 million for the year ended December 31, 2024, primarily due to the increase in the percentage of revenue generated from the licensing of self-developed software and algorithms that do not require hardware components.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 152.4% from RMB77.1 million for the year ended December 31, 2023 to RMB194.7 million for the year ended December 31, 2024. Our gross profit margin for autonomous driving products and solutions increased from 21.4% for the year ended December 31, 2023 to 37.4% for the year ended December 31, 2024, primarily because of the increase in the sale of customized autonomous driving algorithms integrated in system on chip ("**SoC**") based solutions that require fewer hardware components. Our gross profit margin for intelligent imaging solutions business increased from 50.1% for the year ended December 31, 2023 to 85.4% for the year ended December 31, 2024, primarily attributable to an increased percentage of revenue generated from the licensing of self-developed software and algorithms that do not require hardware components and have higher gross profit margin. As a result of the foregoing, our overall gross profit margin increased from 24.7% for the year ended December 31, 2023 to 41.1% for the year ended December 31, 2024.

Research and Development Expenses

Our research and development expenses increased by 5.3% from RMB1,362.5 million for the year ended December 31, 2023 to RMB1,435.2 million for the year ended December 31, 2024, primarily because we simultaneously promoted the commercial adaptation of C1200 and the ongoing research and development on A2000 chips with higher performance.

Selling Expenses

Our selling expenses increased by 18.6% from RMB101.8 million for the year ended December 31, 2023 to RMB120.8 million for the year ended December 31, 2024, primarily due to our enhanced commercialization capabilities and the increase in share-based compensation expenses resulting from the issuance of options to sales team staff.

General and Administrative Expenses

Our general and administrative expenses increased by 15.6% from RMB319.0 million for the year ended December 31, 2023 to RMB368.8 million for the year ended December 31, 2024, primarily due to an increase in the share-based compensation expenses resulting from the issuance of options to administrative management staff.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets amounted to RMB9.4 million and RMB29.1 million for the years ended December 31, 2023 and 2024, respectively.

Other Income

Our other income decreased from RMB22.5 million for the year ended December 31, 2023 to RMB14.7 million for the year ended December 31, 2024, primarily due to a decrease in government grants.

Other Losses – Net

Our other losses increased from RMB3.8 million for the year ended December 31, 2023 to RMB9.6 million for the year ended December 31, 2024, primarily attributable to a decrease in gains on financial assets at fair value through profit and loss from our investment in treasury bonds.

Finance Income – Net

Our finance income remained stable at RMB23.0 million for the years ended December 31, 2023 and 2024.

Fair Value Change in Financial Instruments Issued to Investors

We recorded fair value loss in financial instruments issued to investors of RMB3,179.8 million for the year ended December 31, 2023 and fair value gain of RMB2,046.6 million for the year ended December 31, 2024, primarily due to a change in fair value of the equity interests with preferred rights held by our investors.

Profit for the Year

As a result of the foregoing, we recorded a profit of RMB313.3 million for the year ended December 31, 2024, compared to a loss of RMB4,855.1 million for the year ended December 31, 2023.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following tables reconcile our adjusted net (loss)/profit for the years presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which are net (loss)/profit for the year:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Reconciliation of net profit/(loss) to adjusted net loss (non-IFRS measure):		
Profit/(loss) for the year	**313,315**	(4,855,118)
Add:		
Fair value change in financial instruments issued to investors	**(2,046,612)**	3,179,819
Share-based compensation expenses	**429,046**	421,052
Adjusted net loss for the year (non-IFRS measure)	**(1,304,251)**	(1,254,247)

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from capital contribution from Shareholders. We had cash and cash equivalents and current financial assets at fair value through profit or loss of RMB1,622.9 million as of December 31, 2024, compared to the balance of RMB1,306.6 million as of December 31, 2023.

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

	Year ended December 31,	
	2024	2023
	(RMB in thousands)	
Net cash used in operating activities	**(1,189,754)**	(1,057,825)
Net cash (used in)/generated from investing activities	**(223,006)**	546,698
Net cash generated from financing activities	**1,552,007**	809,135
Net increase in cash and cash equivalents	**139,247**	298,008
Cash and cash equivalents at the beginning of the year	**1,298,412**	982,229
Effects of exchange rate changes on cash and cash equivalents	**10,447**	18,175
Cash and cash equivalents at the end of the year	**1,448,106**	1,298,412

Indebtedness

Our indebtedness mainly includes borrowings, financial instruments issued to investors and lease liabilities. The following table sets forth a breakdown of our borrowings, financial instruments issued to investors and lease liabilities as of the dates indicated:

	As of December 31, 2024	As of December 31, 2023
	(RMB in thousands)	
Borrowings	**674,212**	–
Financial instruments issued to investors	**–**	12,589,493
Lease liabilities	**48,187**	52,448
Amounts due to a related party	**213**	3,000
Total	**722,612**	12,644,941

We maintain a prudent approach in our treasury management with interest rate exposure maintained principally on a floating rate basis. We did not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk. We will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

Exposure to Exchange Rate Fluctuation

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our businesses are principally conducted in RMB. The majority of non-RMB assets and liabilities are cash and cash equivalents denominated in USD.

We are primarily exposed to changes in RMB/USD exchange rates in our domestic subsidiaries whose functional currency is RMB. We currently do not engage in hedging activities designed or intended to manage foreign exchange rate risk. However, we will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Employees, Training and Remuneration Policies

As of December 31, 2024, the Group had 973 employees. The number of employees employed by the Group varies from time to time depending on needs.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. We have a unified salary management system and employee internal transfer management methods to ensure the fairness of salary and promotion, and the salary and promotion decisions stipulated in the system are based on the employee's position and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, occupational injury insurance and other miscellaneous items. Employees may receive year-end performance incentives depending on their individual performance, which includes cash incentives or share options. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. We also invest in continuing education and training programs to upskill our key management and technical staff.

The Board regularly reviews and determines the remuneration and compensation packages of the Directors and senior management and receives recommendation from the Remuneration Committee, which takes into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Use of Proceeds from the Global Offering

With the Shares listed on the Stock Exchange on August 8, 2024, the net proceeds from the Global Offering were approximately HK$950.8 million after deducting underwriting fees and commissions and relevant expenses payable by us in connection with the Global Offering, which will be utilized for the purposes as set out in the Prospectus. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details of the intended use of proceeds.

As of December 31, 2024, approximately HK$390.1 million of the net proceeds had been utilized by the Group in accordance with the intended purposes stated in the Prospectus, and the unused net proceeds was held by way of deposits in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

Details of the use of proceeds and the expected timeline for utilization of the unutilized net proceeds are set out below:

Intended purposes as set out in the Prospectus	Planned proportion of the net proceeds	Planned use of the net proceeds	Actual use of net proceeds from the Listing Date to December 31, 2024	Net proceeds unused as of December 31, 2024	Expected timeline for fully utilizing the net proceeds from the Global Offering [1]
	(%)	*(Approximately HK$ million)*	*(Approximately HK$ million)*	*(Approximately HK$ million)*	
(i) Research and development	**80.0**	**760.6**	**344.2**	**416.4**	Fully utilized within 2025
• Development of intelligent vehicle SoCs	30.0	285.2	113.4	171.8	Fully utilized within 2025
• Procurement of materials, tape-out services and software, for R&D of intelligent vehicle SoCs and automotive-grade IP cores	20.0	190.2	109.0	81.2	Fully utilized within 2025
• Development and upgrade of support software for intelligent vehicles	25.0	237.7	116.6	121.1	Fully utilized within 2025
• Development of autonomous driving solutions	5.0	47.5	5.2	42.4	2025: 70% utilized 2026: 30% utilized
(ii) Improvement of commercialization capability	**10.0**	**95.1**	**26.6**	**68.5**	Fully utilized within 2025
(iii) Working capital and general corporate purposes	**10.0**	**95.1**	**19.3**	**75.8**	Fully utilized within 2025
Total	**100.0**	**950.8**	**390.1**	**560.7**	

Note:

(1) The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

Gearing Ratio

Our gearing ratio, being borrowings divided by total equity and multiplied by 100%, was nil and 61.7% as of December 31, 2023 and December 31, 2024, respectively.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that was likely to have a material and adverse effect on our business, financial condition or results of operations.

Significant Investments Held

As of December 31, 2024, we did not hold any significant investments in the equity interest of other companies.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of December 31, 2024, we did not pledge any of our assets.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement and the Prospectus, we have no specific future plan for material investments and acquisition of capital assets as of December 31, 2024. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	3	**474,252**	312,391
Cost of sales	4	**(279,544)**	(235,248)
Gross profit		**194,708**	77,143
Selling expenses	4	**(120,797)**	(101,842)
General and administrative expenses	4	**(368,819)**	(318,975)
Research and development expenses	4	**(1,435,156)**	(1,362,531)
Net impairment losses on financial assets		**(29,067)**	(9,412)
Other income		**14,740**	22,531
Other losses – net		**(9,591)**	(3,811)
Operating loss		**(1,753,982)**	(1,696,897)
Finance income		**41,084**	26,416
Finance costs		**(18,074)**	(3,377)
Finance income – net		**23,010**	23,039
Share of net loss of associates accounted for using the equity method		**(2,325)**	(1,441)
Fair value change in financial instruments issued to investors		**2,046,612**	(3,179,819)
Profit/(loss) before income tax		**313,315**	(4,855,118)
Income tax expense	5	**–**	–
Profit/(loss) for the year attributable to the equity holders of the Company		**313,315**	(4,855,118)

	Note	Year ended December 31, **2024** *RMB'000*	2023 *RMB'000*
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Fair value changes of redeemable convertible preferred shares due to own credit risk		**2,821**	(5,023)
Change in foreign currency translation of the financial statements of the Company		**(53,454)**	(139,685)
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation of the financial statements of the subsidiaries of the Company		**(28,570)**	(8,664)
Other comprehensive loss		**(79,203)**	(153,372)
Total comprehensive income/(loss) for the year attributable to the equity holders of the Company		**234,112**	(5,008,490)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company (in RMB)			
Basic	*6*	**1.2**	(68.4)
Diluted	*6*	**(3.4)**	(68.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Note	**2024**	2023
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**79,799**	98,589
Right-of-use assets		**48,372**	50,848
Intangible assets		**39,065**	74,795
Investments accounted for using the equity method		**14,851**	17,176
Prepayments and other receivables		**13,131**	17,474
Financial assets at fair value through profit or loss ("**FVPL**")		**21,102**	20,792
Total non-current assets		**216,320**	279,674
Current assets			
Inventories		**68,484**	71,423
Trade and notes receivables	*7*	**258,067**	164,937
Prepayments and other receivables		**151,454**	97,697
Financial assets at FVPL		**174,804**	8,197
Cash and cash equivalents		**1,448,106**	1,298,412
Total current assets		**2,100,915**	1,640,666
Total assets		**2,317,235**	1,920,340
LIABILITIES			
Non-current liabilities			
Borrowings		**201,360**	–
Lease liabilities		**32,788**	33,927
Other payables and accruals		**39,149**	56,925
Total non-current liabilities		**273,297**	90,852

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Current liabilities			
Trade payables	*9*	**117,293**	68,085
Contract liabilities		**440**	7,479
Borrowings		**472,852**	–
Lease liabilities		**15,399**	18,521
Other payables and accruals		**344,739**	239,526
Financial instruments issued to investors	*8*	**–**	12,589,493
Total current liabilities		**950,723**	12,923,104
Total liabilities		**1,224,020**	13,013,956
EQUITY/(DEFICIT IN EQUITY)			
Equity/(deficit in equity) attributable to owners of the Company			
Share capital		**401**	46
Other equity		**(17)**	–
Reserves		**12,261,012**	353,580
Accumulated losses		**(11,168,181)**	(11,447,242)
Total equity/(deficit in equity)		**1,093,215**	(11,093,616)
Total equity/(deficit in equity) and liabilities		**2,317,235**	1,920,340

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital *RMB'000*	Reserves *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
		Attributable to equity holders of the Company			
As at January 1, 2023		46	85,900	(6,592,124)	(6,506,178)
Comprehensive loss					
Loss for the year		–	–	(4,855,118)	(4,855,118)
Foreign currency translation		–	(148,349)	–	(148,349)
Fair value change on redeemable convertible preferred shares due to own credit risk		–	(5,023)	–	(5,023)
Total comprehensive loss for the year		–	(153,372)	(4,855,118)	(5,008,490)
Transactions with owners in their capacity as owners					
Share-based compensation		–	421,052	–	421,052
Total transactions with owners in their capacity as owners for the year		–	421,052	–	421,052
As at December 31, 2023		46	353,580	(11,447,242)	(11,093,616)

	Note	Share capital RMB'000	Other equity RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
		Attributable to equity holders of the Company				
As at January 1, 2024		**46**	**–**	**353,580**	**(11,447,242)**	**(11,093,616)**
Comprehensive income						
Profit for the year		**–**	**–**	**–**	**313,315**	**313,315**
Foreign currency translation		**–**	**–**	**(82,024)**	**–**	**(82,024)**
Fair value change on redeemable convertible preferred shares due to own credit risk		**–**	**–**	**2,821**	**–**	**2,821**
Total comprehensive income for the year		**–**	**–**	**(79,203)**	**313,315**	**234,112**
Transactions with owners in their capacity as owners						
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs		**26**	**–**	**865,280**	**–**	**865,306**
Conversion of redeemable convertible preferred shares to ordinary shares		**296**	**–**	**10,674,821**	**(34,254)**	**10,640,863**
Share-based compensation expenses		**–**	**–**	**429,046**	**–**	**429,046**
Issuance of ordinary shares to employee share scheme trusts		**17**	**(17)**	**–**	**–**	**–**
Exercise of share options		**16**	**–**	**17,488**	**–**	**17,504**
Total transactions with owners in their capacity as owners for the year		**355**	**(17)**	**11,986,635**	**(34,254)**	**11,952,719**
As at December 31, 2024		**401**	**(17)**	**12,261,012**	**(11,168,181)**	**1,093,215**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31, 2024 *RMB'000*	2023 *RMB'000*
Cash flows from operating activities		
Cash used in operations	**(1,230,315)**	(1,083,727)
Interest received from cash at banks	**40,561**	25,902
Net cash used in operating activities	**(1,189,754)**	(1,057,825)
Cash flows from investing activities		
Payments of property, plant and equipment	**(33,887)**	(81,426)
Payments for investment in an associate	**–**	(10,000)
Payments for intangible assets	**(21,760)**	(52,172)
Payments for financial assets at FVPL	**(175,717)**	(20,000)
Proceeds from maturity of financial assets at FVPL	**8,358**	710,296
Net cash (used in)/generated from investing activities	**(223,006)**	546,698
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**925,707**	–
Proceeds from issuance of redeemable convertible preferred shares	**–**	853,713
Repayment of convertible notes	**–**	(13,634)
Repurchase of warrant	**–**	(4,358)
Proceeds from borrowings	**710,000**	–
Repayment of borrowings	**(30,000)**	(12,255)
Interests paid for borrowings	**(8,612)**	(637)
Payment for financing transaction costs	**(25,208)**	–
Principal payments of lease liabilities	**(23,239)**	(16,315)
Interest paid for lease liabilities	**(2,723)**	(1,817)
Payments for listing expenses	**(1,103)**	(1,719)
Proceeds from exercise of stock options	**7,185**	6,157
Net cash generated from financing activities	**1,552,007**	809,135
Net increase in cash and cash equivalents	**139,247**	298,008
Cash and cash equivalents at the beginning of the year	**1,298,412**	982,229
Exchange gains on cash and cash equivalents	**10,447**	18,175
Cash and cash equivalents at the end of the year	**1,448,106**	1,298,412

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

Black Sesame International Holding Limited (the "**Company**") was incorporated in the Cayman Islands on July 15, 2016 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 P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "**Group**"), primarily provide autonomous driving system on chip ("**SoC**") and SoC-based solutions and focus on developing automotive grade autonomous driving SoCs.

The Company completed the initial public offering ("**IPO**") and had its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on August 8, 2024.

The consolidated financial information is presented in Renminbi ("**RMB**"), rounded to the nearest thousand, unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") issued by International Accounting Standards Board ("**IASB**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at FVPL and financial instruments issued to investors, which are carried at fair value.

The Group is in the development phase and has been incurring losses from operations since incorporation. For the year ended December 31, 2024, the Group incurred operating losses of RMB1,753,982,000 and the Group's net cash used in operating activities was RMB1,189,754,000, attributable primarily to significant research and development ("**R&D**") expenditures. As at December 31, 2024, the Group has cash and cash equivalents of RMB1,448,106,000 and current portion of borrowings of RMB472,852,000. The Group's ability to continue as a going concern is primarily dependent on the ability to generate adequate cash flows from business operations and to raise external equity and debt financing to fund its continuous operations. Taking into account the financing proceeds obtained from the IPO as well as the subsequent Placing and the cash flow projections for the next twelve months, the directors of the Company believe that the Group's cash and cash equivalents and funding from financing are sufficient to fund its operating expenses and capital expenditure requirements and meet its payment obligations for the next twelve months from December 31, 2024. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

New and amended standards adopted by the Group

A number of new and revised IFRSs became applicable for the current reporting period. For the purpose of preparing the Group's Financial Information, the Group has adopted all applicable new and revised IFRSs except for any new standards or interpretation that are not yet effective for the reporting period ended December 31, 2024.

These amendments did not have significant impact except amendment to IAS 1, 'Classification of Liabilities as Current or Non-current', which has been applied throughout the years presented. As at December 31, 2023, all the "Redeemable convertible preferred shares" and "Convertible notes" were classified as current liabilities.

New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

Standards and amendments	**Effective for accounting periods beginning on or after**
IAS 21 (Amendment) 'Lack of exchangeability'	January 1, 2025
IFRS 9 and IFRS 7 (Amendment) 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
IFRS 10 (Amendment) and IAS 28 (Amendment) 'Sale or contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

The directors are in the process of assessing potential impact of the new standards and amendments. According to the preliminary assessment, these new standards and amendments are not expected to have any significant impact on the Group's consolidated financial statements when they become effective, except IFRS 18, which mainly impacts the presentation of the Group's consolidated statement of comprehensive income and the Group will continue to assess the impact.

3 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue from customers and recognised at point in time		
Autonomous Driving Products and Solutions	**437,956**	276,318
Intelligent Imaging Solutions	**36,296**	36,073
	474,252	312,391

(b) Assets recognised from costs to fulfil a contract

The Group recognised assets in relation to costs to fulfil its provision of autonomous driving related services contracts. This is presented within "Prepayments and other receivables" in the consolidated statement of financial position.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Beginning balance	**1,083**	13,869
Addition	**1,087**	1,782
Recognised as cost of sales	**(2,170)**	(14,568)
Ending balance	**–**	1,083

(c) Contract liabilities

For the years ended December 31, 2024 and 2023, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The following table shows how much of the revenue recognised during the reporting year is included in the contract liabilities:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**7,305**	5,660

The Company expects that all of its contract liabilities as at December 31, 2024 will be recognised as revenue within 1 year.

4 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, general and administrative expenses, and research and development expenses are as follow:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Employee benefits expenses	**1,193,706**	1,215,565
Design and development expenses	**402,358**	282,078
Raw materials and consumables used	**268,057**	214,424
Changes in inventories of work in progress and finished goods	**(19,625)**	(16,839)
Intellectual property ("**IP**") license expenses	**83,578**	69,663
Provision for impairment of inventories	**22,564**	18,236
Office and travelling expenses	**41,766**	42,693
Depreciation of property, plant and equipment	**52,693**	36,854
Amortization of intangible assets	**38,237**	31,649
Depreciation of right-of-use assets	**21,558**	18,040
Outsourcing labor costs	**27,792**	37,609
Legal, consulting and other professional fees	**21,944**	9,467
Marketing expenses	**18,641**	16,004
Listing expenses	**16,996**	26,866
Short-term lease expenses	**7,534**	6,140
Auditors' remuneration		
– Audit services	**2,692**	356
– Non-audit services	**120**	–
Others	**3,705**	9,791
Total cost of sales, selling expenses, general and administrative expenses, and research and development expenses	**2,204,316**	2,018,596

5 INCOME TAX EXPENSE

(a) Income tax expense

The Group is 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 operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company and Cayman Islands incorporated entities of the Group is not subject to tax on income or capital gains.

Hong Kong

The Group's subsidiaries in Hong Kong are subject to Hong Kong profits tax of which the tax rate was 16.5% up to April 1, 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars ("**HKD**") 2 million and 16.5% for any assessable profits in excess. Since these subsidiaries did not have assessable profits for the years ended December 31, 2024 and 2023, no Hong Kong profits tax has been provided.

United States of America

The Group's subsidiary in the State of California is subject to Federal Tax at a rate of 21% and State of California Profits Tax at a rate of 8.84%. Operations in the United States of America have incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the years ended December 31, 2024 and 2023.

Singapore

The Group's subsidiaries in Singapore are subject to Singapore profits tax at the rate of 17%. These subsidiaries were in loss position for the years ended December 31, 2024 and 2023.

Mainland China

In accordance with the Enterprise Income Tax Law ("**EIT Law**"), Foreign Investment Enterprises ("**FIEs**") and domestic companies established in Mainland China are subject to Enterprise Income Tax ("**EIT**") at a rate of 25%.

In October 2022, Black Sesame Technologies (Shanghai) Co., Ltd. ("**Black Sesame Shanghai**") was qualified as a High and New Technology enterprise ("**HNTE**") and enjoyed a preferential tax rate of 15% from 2022 to 2025. In December 2022, Black Sesame Technologies Co., Ltd. ("**Black Sesame Wuhan**") was qualified as a HNTE and enjoyed a preferential tax rate of 15% from 2022 to 2025. In October 2023, Black Sesame Technologies (Chengdu) Co., Ltd. ("**Black Sesame Chengdu**") was qualified as a HNTE and enjoyed a preferential tax rate of 15% from 2023 to 2026. In December 2024, Black Sesame Technologies (Shenzhen) Co., Ltd. ("**Black Sesame Shenzhen**") was qualified as a HNTE and enjoyed a preferential tax rate of 15% from 2024 to 2027. Black Sesame Shanghai, Black Sesame Wuhan, Black Sesame Chengdu and Black Sesame Shenzhen were all in accumulated loss position for the years ended December 31, 2024 and 2023. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTE issued in August 2018, the expiry period of the accumulated unexpired tax losses of Black Sesame Shanghai, Black Sesame Wuhan, Black Sesame Chengdu and Black Sesame Shenzhen, which are qualified as HNTE, will expire in 10 years. The other entities incorporated in the PRC are subject to an enterprise income tax at a rate of 25%.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction**").

Pillar Two income taxes

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation will be effective for the Group's financial year beginning January 1, 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023, and will account for the Pillar Two income taxes as current tax when incurred. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Based on the assessment, the Group does not expect a material exposure to Pillar Two income taxes.

The Group had no taxable income for the years ended December 31, 2024 and 2023.

The income tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit/(Loss) before income tax	**313,315**	(4,855,118)
Income tax credit computed at the applicable income tax rate of 25%	**78,329**	(1,213,780)
Tax effect of:		
Difference in overseas tax rates	**(523,479)**	776,981
Preferential tax rate	**120,541**	81,417
Super Deduction in respect of R&D expenditures	**(34,535)**	(92,743)
Expenses not deductible for taxation purpose (i)	**100,037**	107,052
Tax losses for which no deferred income tax assets was recognised (ii)	**213,756**	280,175
Temporary differences for which no deferred income tax assets were recognised	**45,351**	60,898
Income tax expenses	**–**	–

(i) Expenses not deductible for tax purposes mainly represent business entertainment expenses and share-based compensation expenses incurred in the Group's subsidiaries in Mainland China which are not deductible according to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC.

(ii) Deferred income tax assets are recognised for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable. As at December 31, 2024 and 2023, the Group did not recognise net deferred income tax assets in respect of losses and deductible temporary differences of RMB1,360.7 million and RMB1,101.6 million respectively.

(b) Tax losses

As at December 31, 2024 and 2023, the Group did not recognise deferred income tax assets in respect of losses of RMB4,900.2 million and RMB3,632.6 million, respectively. The tax losses incurred from the Company's subsidiaries in Mainland China that are not recognised as deferred tax assets will expire from 2025 to 2034. Tax losses of the Group's subsidiaries incorporated in United States of America, Hong Kong and Singapore will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Expiry year		
2025	**104,391**	107,694
2026	**3,666**	37,083
2027	**66,481**	193,886
2028	**52,790**	351,500
2029	**120,003**	108,522
2030	**149,692**	149,692
2031	**545,764**	512,348
2032	**686,070**	558,665
2033	**1,347,260**	1,057,707
2034	**1,080,248**	–
Indefinitely	**743,810**	555,476
	4,900,175	3,632,573

6 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share for the years ended December 31, 2024 and 2023 are calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit/(loss) attributable to the equity holders of the Company (RMB'000)	**313,315**	(4,855,118)
Weighted average number of ordinary shares outstanding (thousand shares)	**263,608**	71,000
Basic earnings/(loss) per share (expressed in RMB per share)	**1.2**	(68.4)

(b) Diluted loss per share

The calculation of the diluted loss per share is based on the profit/(loss) attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted loss per share is the weighted average number of ordinary shares, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Group incurred losses for the year ended December 31, 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2023 is the same as basic loss per share of the respective year.

For the year ended December 31, 2024, the Group has two categories of potential ordinary shares, namely redeemable convertible preferred shares of the Company and share options with vesting schedule granted to the employees. Share options with vesting schedule granted to the employees were anti-dilutive for the year ended December 31, 2024.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Profit/(loss) attributable to the equity holders of the Company	**313,315**	(4,855,118)
Adjustment for fair value change of the Company's redeemable convertible preferred shares through profit or loss	**(2,046,612)**	–
Net loss attributable to the equity holders of the Company	**(1,733,297)**	(4,855,118)
Weighted average number of shares (thousand shares):		
Weighted average number of ordinary shares outstanding (thousand shares)	**263,608**	71,000
Adjustment for redeemable convertible preferred shares of the Company	**249,029**	–
Weighted average number of shares for calculation of diluted loss per share	**512,637**	71,000
Diluted loss per share (expressed in RMB per share)	**(3.4)**	(68.4)

7 TRADE AND NOTES RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**306,181**	184,490
Less: provision for impairment	**(49,629)**	(20,562)
	256,552	163,928
Notes receivables	**1,515**	1,009
	258,067	164,937

The Group usually grants a credit period of 30 days to 180 days to its customers. As at December 31, 2024 and 2023, the aging analysis of trade and notes receivables based on recognition date of gross trade and notes receivables are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**176,876**	103,121
3 to 6 months	**1,981**	2,459
6 to 9 months	**1,349**	8,036
9 to 12 months	**–**	12,876
over 12 months	**127,490**	59,007
	307,696	185,499

The majority of the Group's trade and notes receivables were denominated in RMB.

8 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current liabilities		
– Redeemable convertible preferred shares	**–**	12,589,493

Redeemable convertible preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing Preferred Shares to investors, namely, Series A Preferred Shares, Series A-1 Preferred Shares, Series B-1 Preferred Shares, Series B-2 Preferred Shares, Series B-3 Preferred Shares, Series B-4 Preferred Shares, Series B+ Preferred Shares, Series C Preferred Shares and Series C+ Preferred Shares.

The key terms of the Preferred Shares are summarized as follows:

Dividend rights

Holders of Preferred Shares of later series have preference to receive any declaration or payment of any cash or non-cash dividends in the following sequence: Series C+ Preferred Shares, Series C Preferred Shares, Series B+ Preferred Shares, Series B-4 Preferred Shares, Series B-3 Preferred Shares, Series B-2 Preferred Shares, Series B-1 Preferred Shares, Series A-1 Preferred Shares, Series A Preferred Shares and ordinary shares, cumulative dividends at a simple rate of six percent (6%) per annum of the original issue price of such Preferred Shares on each such Preferred Share held by such holder, payable when, as and if declared by the board of directors.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders' ownership of the shares, be distributed as follows:

First, the holders of the Preferred Shares shall be entitled to receive for each outstanding Preferred Share held and fully paid, as applicable, the amount equal to one hundred percent of the applicable Preferred Share's issue price, plus all declared but unpaid dividends on such Preferred Shares. If the assets and funds are insufficient for the full payment to such holders of such Preferred Shares, then the entire assets and funds legally available for distribution shall be distributed ratably among such holders. Upon the liquidation, in order of preference, first to the holders of Series C+ Preferred Shares, then to the holders of Series C Preferred Shares, Series B+ Preferred Shares, Series B-4 Preferred Shares, Series B-3 Preferred Shares, Series B-2 and B-1 Preferred Shares, Series A-1 Preferred Shares, and last to the holders of Series A Preferred Shares and ordinary shares.

Second, if there are any assets or funds remaining after the aggregate amount have been distributed or paid in full to the applicable holders of Preferred Shares as above, the remaining assets and funds legally available for distribution shall be distributed ratably among the holders of ordinary shares and holders of Preferred Shares according to the relative number of ordinary shares on an as-converted basis. Except for the holders of Series C+ Preferred Shares, Series C Preferred Shares and Series B+ Preferred Shares, the total amount that may be distributed to each holder of Preferred Shares shall not exceed three times of the applicable issue price.

Deemed Liquidation Events shall be treated as a liquidation event. Deemed Liquidation Events includes (a) any consolidation, amalgamation, scheme of arrangement or merger of any Group Company (means each subsidiary of the Company and the Group) with or into any other person or other reorganization in which the shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than 50% of such Group Company's voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such Group Company is a party in which in excess of 50% of such Group Company's voting power is transferred; (b) a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such Group Company); or (c) the transfer or exclusive licensing, in a single transaction or a series of related transactions, of all or substantially all of any Group Company's IP to a third party.

Redemption rights

The Company shall redeem, at the option of any holder of outstanding Preferred Shares, all of the outstanding Preferred Shares (other than the unpaid shares) held by the requesting holder, at any time after the failure by the Company to complete a Qualified IPO as of March 31, 2026. The redemption price for each fully paid Preferred Share (other than the unpaid shares) shall be equal to one hundred percent of the Preferred Share's purchase price, plus an annual compounded interest rate of 8% accrued for the period from the Preferred Share's deemed issue date up to and until the date when such Preferred Share is redeemed, plus all declared but unpaid dividends.

Upon the redemption, in order of preference, first to the holders of Series C+ Preferred Shares, then to the holders of Series C Preferred Shares, Series B+ Preferred Shares and all Series B Preferred Shares.

Voting rights

Each Preferred Share (except for these held by the Company's founder Mr. Shan) shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted. Mr. Shan shall have ten votes in respect of each ordinary share held, and shall be entitled to such number of votes as equals ten times the number of ordinary shares into which such Mr. Shan's collective Preferred Shares are convertible in respect of each ordinary share held. Such right is not transferable and may be exercised only by Mr. Shan. Preferred Shares could vote separately as a class with respect to any matters.

Conversion

Each Preferred Share shall be convertible into such number of fully-paid and non-assessable ordinary shares at the Preferred Share-to-ordinary share conversion ratio equal to Preferred Share Purchase Price divided by the then effective conversion price for such Preferred Share. The conversion price for each Preferred Share shall initially be the applicable Preferred Share purchase price for such Preferred Share, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment for dilution from time to time included but not limited to stock splits, stock dividends and reorganization. Each Preferred Share may, at the option of the holders thereof, be converted at any time after the date of issuance of such Preferred Shares into ordinary shares based on the then-effective applicable Conversion Price.

In addition, each Preferred Shares shall automatically be converted into ordinary shares based on the then effective applicable conversion price for such Preferred Share at the time immediately upon the closing of a Qualified IPO.

Amendments to the key terms of the Preferred Shares

According to the written resolutions passed by the shareholders on July 26, 2024, it is resolved unanimously that each shareholder of the Company expressly and irrevocably (a) acknowledges and recognises the proposed IPO does not meet the "Qualified IPO" as defined in the existing memorandum and articles of association of the Company; (b) consents to the automatic conversion of Preferred Shares on a 1:1 ratio at the time immediately upon the closing of the proposed IPO; and (c) waives any rights, entitlement or claims against the Company, whether arising at contract or in law, whether such rights, entitlement or claims are provided for under any contract to which that such shareholder is a party or under the existing memorandum and articles of association of the Company (including the redemption rights), provided that (i) the final offer price shall not be less than the cost per share for Series C+ Preferred Shares; and (ii) the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited shall take place on or before September 30, 2024.

The Company completed the IPO on August 8, 2024 and the Preferred Shares were automatically converted to ordinary shares of the Company upon the successful listing of the shares of the Company.

Accounting for the Preferred Shares

The Preferred Shares are classified as financial liabilities. In addition, the Group measures the Preferred Shares on a fair value basis and does not bifurcate any embedded derivatives from the host instruments and designates entire instruments as a financial liability at fair value through profit or loss with the changes in the fair value recorded in the consolidated statement of comprehensive income/(loss), except for the gains or losses arising from the Company's own credit risk which are presented in OCI with no subsequent reclassification to the statement of profit or loss.

As at December 31, 2023, all the Preferred Shares were classified as current liabilities as the preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time and the conversion feature does not meet "fixed for fixed" criteria.

If the Company's own credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

The movements of the Preferred Shares during the years ended December 31, 2024 and 2023 are set out as below:

	RMB'000
At January 1, 2024	12,589,493
Change in fair value through profit or loss	(2,046,612)
Change in fair value due to own credit risk	(2,821)
Currency translation differences	100,803
Conversion of Preferred Shares to Common shares upon IPO	(10,640,863)
At December 31, 2024	–
At January 1, 2023	8,279,244
Conversion of 2020 Convertible Note for Series B-4 Preferred Shares	47,403
Issuance of Series B+ Preferred Shares	161,579
Issuance of Series C+ Preferred Shares	1,046,269
Change in fair value through profit or loss	2,867,081
Change in fair value due to own credit risk	5,023
Currency translation differences	182,894
At December 31, 2023	12,589,493

(i) The Company applied the discount cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the Preferred Shares.

9 TRADE PAYABLES

As at December 31, 2024 and 2023, the aging analysis of the trade payables based on transaction date are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 6 months	**86,945**	43,439
6 to 12 months	**2,053**	6,347
over 12 months	**28,295**	18,299
	117,293	68,085

The carrying amounts of trade payables are considered approximately to their fair values.

10 DIVIDEND

No dividend has been paid or declared by the Company or subsidiaries of the Company for the years ended December 31, 2024 and 2023 and up to date of this report.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

The shares of the Company were first listed on the Main Board of the Stock Exchange on August 8, 2024. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including any sale of treasury shares) since the Listing Date and up to the end of the Reporting Period. The Company did not have any treasury shares as defined under the Listing Rules as of December 31, 2024.

Events After the Reporting Period

On February 19, 2025, the Company entered into a placing agreement (the "**Placing Agreement**") with China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited in relation to the placing of 53,650,000 new Shares (the "**Placing Shares**") at HK$23.20 per Placing Share (the "**Placing Price**") to no less than six placees who and whose ultimate beneficial owner(s) (where applicable) are independent third parties (the "**Placing**"). All the conditions set out in the Placing Agreement were fulfilled and the Placing was completed on February 26, 2025, where a total of 53,650,000 Placing Shares (with an aggregate nominal value of US$5,365), representing (i) approximately 9.33% of the number of issued Shares immediately before the completion of the Placing; and (ii) approximately 8.53% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares, have been successfully placed to no less than six placees at the Placing Price of HK$23.20 pursuant to the terms and conditions of the Placing Agreement. The closing price of the Shares as quoted on the Stock Exchange on February 18, 2025, being the date on which the Placing Price was fixed, was HK$26.30. The net proceeds from the Placing, after deducting the Placing commission and other relevant costs and expenses of the Placing, amounted to approximately HK$1,237.4 million (representing a net issue price of approximately HK$23.06 per Placing Share). For details, please refer to the announcements of the Company dated February 19, 2025 and February 26, 2025, respectively.

Save as otherwise disclosed above and in this announcement, there was no other significant events that may affect the Group since the end of the Reporting Period and up to the date of this announcement.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures, to enhance transparency of the work of the Board, and to strengthen accountability to all the Shareholders.

The Company has adopted the Corporate Governance Code as its own code of corporate governance. Save as disclosed below, the Company has complied with all the applicable code provisions of the Corporate Governance Code since the Listing Date and up to the end of the Reporting Period.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Shan currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and the chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning for the Group, and (iii) facilitating the flow of information between management and the Board. The Board currently comprises three executive Directors (including Mr. Shan), one non-executive Director and three independent non-executive Directors, and therefore has a strong independent element in its composition. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: Nil).

Model Code for Securities Transactions

The Board has adopted the Model Code as the code of conduct regulating dealings in securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to Company's securities. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code since the Listing Date and up to the end of the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

Audit Committee

The Audit Committee (comprising three independent non-executive Directors, Prof. Li Qingyuan (being the chairperson of the Audit Committee), Prof. Long Wenmao and Prof. Xu Ming), together with senior management members and the Auditor, has considered and reviewed the audited consolidated financial statements and the annual report of the Group for the Reporting Period. The Audit Committee has also discussed matters in relation to the accounting policies and practices adopted by the Group, risk management, internal control and financial reporting with senior management members and the Auditor, and is of the view that the annual results of the Group are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of Work of the Auditor

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's Auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on announcement.

Publication of the Annual Results and the 2024 Annual Report

This annual results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.blacksesame.com.cn**. The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARY

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

"Audit Committee"	the audit committee of the Company
"Auditor"	PricewaterhouseCoopers, the independent auditor of the Company
"Board"	the board of directors of the Company
"China", "Mainland China" or "PRC"	the People's Republic of China, which, for the purpose of this annual results announcement and for geographical reference only, references to "China", "Mainland China" and the "PRC" do not apply to Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC, except where the context indicates or requires otherwise
"Company"	Black Sesame International Holding Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability
"Corporate Governance Code"	the Corporate Governance Code, as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company or any one of them
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
"Group", "our", "we", or "us"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	August 8, 2024
"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 the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 of the Listing Rules
"Mr. Shan"	Mr. SHAN Jizhang (單記章), one of the Group's founders, chairman of the Board, an executive Director and the chief executive officer of the Company
"Prospectus"	the prospectus of the Company dated July 31, 2024
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	the ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "USD"	United States Dollars, the lawful currency of the United States
"%"	per cent

By order of the Board
Black Sesame International Holding Limited
Mr. SHAN Jizhang
Chairman of the Board, Executive Director
and Chief Executive Officer

Hong Kong, March 31, 2025

As at the date of this announcement, the Board comprises (i) Mr. SHAN Jizhang, Mr. LIU Weihong, and Mr. ZENG Daibing as executive Directors; (ii) Dr. YANG Lei as non-executive Director; and (iii) Prof. LI Qingyuan, Prof. LONG Wenmao and Prof. XU Ming as independent non-executive Directors.