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The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I to this Document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed “Risk Factors” and “Business.”

For the purposes of this section, unless the context otherwise requires, references to the years of 2022, 2023 and 2024 refer to the years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leader in the global AMR market. We offer a series of AMR solutions to empower warehouse fulfillment and industrial material transport, enhancing supply chain efficiency while reducing reliance on manual labor. We have been the world’s largest warehouse fulfillment AMR solution provider in terms of revenue in 2024, which is the sixth consecutive year we have maintained this leading position, according to CIC. We offer the most extensive range of warehouse fulfillment AMR solutions in the industry, according to CIC, covering a wide variety of use cases and technology approaches. Our technology innovations, commitment to product quality and long-term reliable service are well recognized and widely accepted by approximately 806 end customers worldwide, making us the warehouse fulfillment AMR solution provider with the largest global customer base, according to CIC. As of December 31, 2024, we have shipped approximately 56,000 AMRs across over 40 countries and regions worldwide.

During the Track Record Period, we achieved robust growth and significant progress in financial performance. Our total revenue increased substantially from RMB1,452.2 million in 2022 to RMB2,142.9 million in 2023, representing a 47.6% growth, and further increased by 12.4% to RMB2,409.1 million in 2024, reflecting sustained momentum in our business operations. In addition to revenue growth, we achieved a meaningful improvement in financial performance. While we recorded losses of RMB1,567.1 million in 2022, they narrowed to RMB1,126.7 million in 2023, and further declined

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significantly to RMB831.5 million in 2024. For the same periods, our EBITDA (non-IFRS measure) was RMB(1,429.4) million, RMB(1,041.0) million and RMB(764.7) million, respectively; our adjusted EBITDA (non-IFRS measure) was RMB(683.3) million, RMB(372.0) million and RMB(25.4) million, respectively; and our adjusted net loss (non-IFRS measure) was RMB820.9 million, RMB457.6 million and RMB92.2 million, respectively.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgements, estimates and assumptions in the process of applying our accounting policies. Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in the Accountants’ Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and are expected to continue to be, materially affected by the following company-specific factors:

Demand for Our Solutions Driven by AMR Industry Growth and Market Penetration

The global demand for warehouse automation, particularly through AMRs, is a primary driver of our performance. As traditional warehouse models face limitations — such as labor dependency, rising costs, and the need for flexibility to support high-order volumes — AMRs have emerged as a transformative solution. AMR solutions are increasingly chosen by businesses as a more flexible alternative for warehouse automation, supporting rapid industry growth and expanded adoption across sectors. According to CIC, the global AMR solution market is projected to grow to RMB162.1 billion by 2029, the penetration rate of AMR solutions within the overall warehouse automation sector increased from 4.4% in 2020 to 8.2% in 2024 and is expected to reach 20.2% by 2029. We are strategically positioned in this high-growth market, offering AMR solutions that enhance operational efficiency, reduce manual labor reliance, and support flexible logistics.

The rapid growth in e-commerce and FMCG and the global expansion of digital trade continue to amplify the need for automated solutions across supply chains. As companies seek to respond to rising consumer expectations for faster delivery and accurate, real-time inventory management, demand for AMR solutions is expected to grow exponentially. With our established leadership in the global AMR solution market, we are well-positioned to capitalize on the steady increase in AMR adoption, further supporting our expansion and ability to capture market share.

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To maximize the benefits of this expanding market, we intend to continue to innovate, refining our AMR solutions to deliver best-in-class performance, flexibility, and scalability. Our global presence and extensive portfolio allow us to respond rapidly to industry trends and to meet and exceed the needs of businesses across diverse sectors. According to CIC, we are the world’s largest provider of warehouse fulfillment AMR solutions in terms of revenue in 2024, with an 9.0% market share. By aligning with this growing global demand, we believe our rising penetration rate in the AMR industry reinforces our position as a market leader, enabling us to establish long-term partnerships with customers and drive our sustained growth.

Building Strong Relationships with Key Customers and Growing Our Customer Base

At the core of our growth strategy is our commitment to reinforcing relationships with existing, large-scale global customers while continuously broadening our customer base. We strategically focus on high-value customers in e-commerce, retail, and third-party logistics — sectors that demand high-performance, scalable automation solutions to support rapid order fulfillment. By aligning closely with their evolving needs, we have cultivated long-standing partnerships with these key customers, driving significant business through repeat orders and large-scale deployments.

We leverage our comprehensive AMR solution portfolio to meet varied operational needs for customers across different industries. This breadth in capabilities provides numerous opportunities for upselling and cross-selling, fostering customer loyalty and increasing revenue. Our strategic partnerships with major customers further establish ourselves as a trusted provider in the market, while our reputation for reliability and innovation attracts new end customers across additional regions and verticals.

To sustain growth, we are actively expanding into underpenetrated markets and to capture emerging opportunities in new end customer segments. This dual approach — deepening existing relationships while securing new end customers — enables us to capture a larger share of the rapidly expanding AMR market and enhance our competitive position globally.

Broadening Product Matrix and Introducing New Solutions and Functions

Our competitive strength lies in our diverse and adaptable product offerings that cater to a wide range of warehousing and logistics needs. Our comprehensive suite of AMR solutions, including Shelf-to-Person, Tote-to-Person, and Pallet-to-Person solutions, as well as our FleetSort solutions, is engineered to handle complex logistics tasks in diverse environments.

To support varied customer requirements, we continuously refine our solution delivery processes to achieve a balance between the benefits of standardized, modular solutions and the specific customization that different operational scenarios require. This optimization enables us to provide innovative, efficient AMR solutions that cater to unique customer demands without compromising on delivery speed or scalability.

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Additionally, we are committed to serving as an innovative, one-stop provider of comprehensive hardware and software solutions for intelligent automation. This ambition extends beyond traditional AMR offerings to a fully integrated model that combines advanced AMR hardware with sophisticated software systems. Our solutions include not only hardware but also the Geek+ Software Suite, which facilitates warehouse execution, real-time data analysis, and multi-robot scheduling, along with the Hyper+ Core Algorithms for intelligent decision-making and fleet coordination. By delivering a unified solution, we empower customers to optimize all aspects of their automation needs through a single, cohesive solution, enhancing operational efficiency and flexibility.

Technological Innovation and Product Development

The warehouse automation industry is rapidly evolving, driven by continued technological advancements. As one of the global leaders in AMR technology, we have continued to invest in research and development to retain our competitive edge and meet complex customer demands.

Over the years, we have developed a comprehensive, full-stack technology platform with proprietary solutions, including the Geek+ Software Suite and the Hyper+ Core Algorithms, that enables us to iteratively enhance our AMR systems to meet evolving market needs and stay ahead of industry trends. The platform forms the backbone of our product development, integrating AMR hardware, advanced software, and high-performance algorithms to support a wide range of applications across logistics and warehousing. By leveraging this full-stack technology platform, we can efficiently introduce new features, refine functionalities, and scale our products to meet diverse customer requirements.

Technological leadership requires sustained substantial investment in R&D, which may impact our short-term profitability, but is vital to maintaining our market position in the long run. Looking forward, we plan to increase our R&D budget to explore enhancements in AMR flexibility and intelligent systems integration. By strategically investing in emerging technologies, we aim to deliver superior, cost-effective solutions that support greater autonomy and long-term value for customers, fostering further adoption and customer retention.

Cost Management and Operational Efficiency

Effective cost management and scaling operational efficiencies are fundamental to our long-term success and profitability. Our ability to control costs and manage operational expenses directly impacts our results of operations and competitiveness in the AMR market. Our operating expenses ratio, defined as total operating expenses (consisting of research and development, general and administrative, and selling and marketing expenses) divided by total revenue, decreased significantly from 76.7% in 2022 to 53.8% in 2023, and further to 39.4% in 2024. Our operating margin, calculated as loss from operations divided by total revenue, narrowed from (55.4)% in 2022 to (22.2)% in 2023, and further to (5.0)% in 2024. By maintaining strict oversight over production expenses and administrative costs, we ensure that we deliver high-value solutions while protecting our profit margins.

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Our efficient supply chain plays a key role in supporting this cost-control strategy. By streamlining production processes and maximizing resource utilization, we can achieve higher production output while lowering costs. Our mixed-line production model, which allows multiple AMR models to be manufactured on the same line, significantly enhances production flexibility, improves capacity utilization, and reduces costs through economies of scale, enabling us to quickly meet diverse customer needs without excessive production expenses.

As we continue to expand revenue, our focus remains on achieving cost efficiencies and operational scale to reduce losses. By leveraging our supply chain strengths and optimizing production at scale, we aim to improve overall profitability even as we grow our market reach and product offerings.

In addition, our results of operations and financial position have been and are expected to be affected by the following general factors:

- Macro-economic conditions on customer capital expenditures and warehouse system upgrades. Our financial performance is closely tied to the capital expenditure decisions of our customers, which are influenced by broader macroeconomic factors. These factors — including economic growth rates, inflation, interest rates, and currency stability — affect the willingness and ability of businesses across various sectors to invest in advanced warehouse automation solutions. When economic conditions are favorable, our customers are more likely to increase capital spending on upgrading their warehouses to improve efficiency, meet higher consumer demand, and reduce reliance on labor-intensive processes. Conversely, during periods of economic uncertainty or downturns, companies often adopt a more conservative approach to capital expenditures. Economic pressures such as rising interest rates or inflation can lead businesses to reduce, or delay planned investments in warehouse automation. As a result, demand for our AMR solutions may decrease in these challenging economic environments, affecting our short-term revenue growth.
- Legal, regulatory, and government policy support. Compliance with legal and regulatory requirements is a critical factor influencing our financial performance. As an AMR solutions provider operating globally, we must adhere to a range of local and international regulations across its target markets, as data privacy, workplace safety, import/export standards, and product certifications. Changes in these regulations or the introduction of new standards may necessitate adjustments to our solutions or operational processes, potentially increasing development costs and affecting project timelines. In addition to regulatory compliance, government policies that support smart service robotics present significant growth opportunities. These supportive policies — ranging from tax incentives to grants and subsidies for automation — foster favorable conditions for our expansion, reducing barriers for our customers, and increasing wide adoption of AMR solutions.

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- Seasonality. Seasonality impacts our financial performance, driven by our customers’ purchasing practices, the extended project implementation times, and the timing of revenue recognition. Many of our customers, particularly in e-commerce, retail, and logistics, tend to concentrate their order placements toward the end of the calendar year. As a result, we often experience a substantial increase in order intake in the fourth quarter, while recognizing the actual revenue in the second half of the following year after project completion and customer acceptance. Moreover, collaboration with customers often leads us to achieve timely project acceptance and completion toward year-end, which further contributes to the seasonal revenue pattern.
- Effect of currency translation. We currently generate a significant majority of our revenue from customers based in the non-domestic markets. These revenues are denominated in foreign currencies other than RMB, such as U.S. dollars, Hong Kong dollars, and Euro. As our reporting and functional currency is the RMB, financial results from our subsidiaries using other functional currencies are translated into RMB for reporting purposes. Consequently, fluctuations in the RMB’s value relative to the U.S. dollar and such other currencies directly affect our reported revenue.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial statements. Accounting policies that are material for understanding our financial condition and results of operations are set forth in detail in Note 2 of the Accountants’ Report in Appendix I of this Document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Revenue

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is stated after deducting any trade discounts.

We principally generate revenue from the sales of AMR solutions and RaaS services. We provide sales of AMR solutions, and revenue is recognized when the customer takes possession of and accepts the AMR solution products. Payment terms and conditions vary by customer and are based on the billing schedule established in the contracts or purchase orders with them. Revenue from RaaS is recognized when the services are rendered. When we act in the capacity of an agent rather than as the principal in a transaction, revenue is recognized when the related agent services are rendered at the net amount of commission received or to be received by us.

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Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Trade and other receivables

A receivable is recognized when we have an unconditional right to receive consideration. A right to receive consideration is deemed unconditional if only the passage of time is required before payment is due. If revenue is recognized before we obtain an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(1) to the Accountants’ Report included in Appendix I to this Document).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that include a significant financing component, as well as other receivables, are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost, using the effective interest method, and include an allowance for credit losses (see Note 2(j)(i) to the Accountants’ Report included in Appendix I to this Document).

Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are measured at amortized cost unless the effect of discounting is immaterial, in which case they are stated at their invoice amounts.

Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

- right-of-use assets arising from leases over freehold or leasehold properties where we are not the registered owner of the property interest; and

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- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Plant and equipment	3-10 years
– Fixtures and fittings	3-10 years
– Buildings	40 years
– Land	50 years

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses. Capitalization of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

Redemption liabilities

A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if our obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the present value of the redemption amount and is subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The redemption liabilities were classified as current liabilities as some of the redemption events could occur anytime. The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty’s redemption right.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
<i>(in thousands, except percentages and per share data)</i>						
Revenue	1,452,163	100.0	2,142,927	100.0	2,409,011	100.0
Cost of sales	(1,195,615)	(82.3)	(1,483,653)	(69.2)	(1,571,844)	(65.2)
Gross profit	256,548	17.7	659,274	30.8	837,167	34.8
Research and development expenses	(436,788)	(30.1)	(379,872)	(17.7)	(282,048)	(11.7)
Selling and marketing expenses	(455,697)	(31.4)	(509,169)	(23.8)	(445,637)	(18.5)
Administrative expenses	(220,765)	(15.2)	(263,594)	(12.3)	(220,289)	(9.1)
Other income and loss, net	73,223	5.0	33,186	1.5	(1,595)	(0.1)
Impairment loss recognized on trade and other receivables	(11,288)	(0.8)	(9,864)	(0.5)	(15,173)	(0.6)
Impairment loss of non-current asset	(9,859)	(0.7)	—	0.0	—	—
Impairment loss of property, plant and equipment	—	0.0	(6,094)	(0.3)	—	—
Loss from operations	(804,626)	(55.5)	(476,133)	(22.3)	(127,575)	(5.3)
Finance costs	(12,487)	(0.9)	(13,284)	(0.6)	(13,923)	(0.6)
Changes in the carrying amount of redemption liabilities	(731,974)	(50.4)	(648,006)	(30.2)	(685,807)	(28.5)
Share of (losses)/profits of an associate	(14,967)	(1.0)	14,904	0.7	24	0.0
Loss before taxation	(1,564,054)	(107.8)	(1,122,519)	(52.4)	(827,281)	(34.3)
Income tax	(3,054)	(0.2)	(4,164)	(0.2)	(4,220)	(0.2)
Loss for the year	(1,567,108)	(108.0)	(1,126,683)	(52.6)	(831,501)	(34.5)

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	For the year ended December 31,					
	2022		2023		2024	
	RMB	% of Revenue	RMB	% of Revenue	RMB	% of Revenue
	<i>(in thousands, except percentages and per share data)</i>					
Other comprehensive income for the year (after tax)						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference on translation of financial statements of overseas subsidiaries	(3,844)	(0.3)	(9,598)	(0.4)	(3,726)	(0.2)
Other comprehensive income for the year	(3,844)	(0.3)	(9,598)	(0.4)	(3,726)	(0.2)
Total comprehensive income for the year attributable to equity shareholders of the Company	(1,570,952)	(108.3)	(1,136,281)	(53.0)	(835,227)	(34.7)
Loss per share						
Basic and diluted (RMB)	<u>(1.46)</u>		<u>(0.97)</u>		<u>(0.72)</u>	

NON-IFRS MEASURES

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted net loss (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company. We believe that these measures provide useful information to [REDACTED] in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, presentation of adjusted net loss (non-IFRS measure) for the year, EBITDA (non-IFRS measure), and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and [REDACTED] should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as loss for the year, adjusted for share-based compensation, [REDACTED] expenses, and changes in the carrying amount of redemption liabilities. Share-based compensation relates to the share-based awards that we grant to participants of our share incentive schemes and is a non-cash expense. [REDACTED] expenses relate to our [REDACTED]. Changes in the carrying amount of redemption liabilities arise from the shares with special rights that we issued to certain pre-[REDACTED] investors in the past. Such special rights will all be automatically terminated upon the [REDACTED].

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Changes in the carrying amount of redemption liabilities are non-cash in nature. For details of such shares with special rights, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

We define EBITDA (non-IFRS measure) as loss for the year, adjusted for income tax expenses, net finance cost, and depreciation and amortization. We add back share-based compensation, [REDACTED] expenses, changes in the carrying amount of redemption liabilities.

The following tables reconcile our non-IFRS financial measures with their corresponding figures presented in accordance with IFRS Accounting Standards for the periods indicated.

	For the Year Ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Loss for the year	(1,567,108)	(1,126,683)	(831,501)
Adjusted for:			
Equity-settled share-based payment expenses	14,189	21,030	29,494
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Changes in the carrying amount of redemption liabilities	731,974	648,006	685,807
Adjusted net loss (non-IFRS measure)	(820,945)	(457,647)	(92,237)
Loss for the year	(1,567,108)	(1,126,683)	(831,501)
Adjusted for:			
Income tax expenses	3,054	4,164	4,220
Net finance cost	9,676	(6,394)	123
Depreciation and amortization	124,952	87,901	62,481
EBITDA (non-IFRS measure)	(1,429,426)	(1,041,012)	(764,677)
Adjusted for:			
Equity-settled share-based payment expenses	14,189	21,030	29,494
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Changes in the carrying amount of redemption liabilities	731,974	648,006	685,807
Adjusted EBITDA (non-IFRS measure)	(683,263)	(371,976)	(25,413)

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Revenue Breakdown by Solution Type

Our revenue is primarily derived from the sales of AMR solutions, the core of our offerings. Revenue from AMR solutions has shown consistent growth, both in absolute terms and as a proportion of our total revenue, throughout the Track Record Period. This growth aligns with the steady increase in the continued increase in our “order intake,” a key metric used to evaluate our business performance, over the same period. In 2022, 2023 and 2024, we achieved order intake of RMB1,995.6 million, RMB2,694.1 million and RMB3,140.3 million, respectively. Order intake refers to the total value of new contracts or orders secured within a specific period.

In addition to our sales of AMR solutions, we generate a smaller portion of revenue from RaaS services where we offer standardized robot leasing services, as well as a suite of operational support and management services to optimize customers’ warehousing operations. As we strategically decrease such business to focus on the sales of our AMR offerings, revenue from our RaaS business has been decreasing in both absolute terms and as a percentage of our total revenue over the Track Record Period.

The following table sets forth a breakdown of our total revenue by solution type, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Sales of AMR solutions						
Warehouse fulfillment	1,098,844	75.7	1,884,541	87.9	2,176,174	90.3
Industrial material transport	148,601	10.2	239,508	11.2	226,140	9.4
Subtotal	1,247,445	85.9	2,124,049	99.1	2,402,314	99.7
RaaS	204,718	14.1	18,878	0.9	6,697	0.3
Total	1,452,163	100.0	2,142,927	100.0	2,409,011	100.0

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Revenue Breakdown by Geographic Location

Over the years, we have built a geographically diverse and extensive customer base. According to CIC, we have the widest global presence among the world’s AMR solution providers. As of December 31, 2024, we have shipped AMRs across over 40 countries and regions worldwide. For more information about our global presence, see “Business — Sales and Marketing — Our Global Presence.”

The following table sets forth the breakdown of our revenue from sales of AMR solutions in an absolute amount and as a percentage of total revenue by geographic location of customers for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	% of total revenue	RMB	% of total revenue	RMB	% of total revenue
	<i>(in thousands, except percentages)</i>					
Domestic market⁽¹⁾	226,776	15.6	477,531	22.3	664,825	27.6
Non-domestic markets⁽²⁾						
AP ⁽³⁾	462,239	31.8	805,901	37.6	676,036	28.1
US ⁽⁴⁾	326,897	22.5	605,364	28.2	629,120	26.1
EMEA ⁽⁵⁾	231,533	15.9	235,253	11.0	432,333	17.9
Subtotal	1,020,669	70.3	1,646,518	76.8	1,737,489	72.1
Total	1,247,445	85.9	2,124,049	99.1	2,402,314	99.7

Notes:

- (1) Refer to the Chinese mainland market.
- (2) Refer to the markets outside Chinese mainland.
- (3) Refer to the Asia-Pacific market, excluding Chinese mainland.
- (4) Refer to the U.S. market.
- (5) Refer to the combined markets of Europe, the Middle East and Africa.

During the Track Record Period, the revenue contribution of our non-domestic markets has continued to increase, reflecting the rising demand for advanced AMR solutions in non-domestic markets as well as our ongoing efforts to expand our global footprint.

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Revenue Breakdown by Sales Channel

In both domestic and non-domestic markets, we operate through two main sales channels: (i) direct sales, and (ii) channel partner sales.

- *Direct sales:* Through our direct sales channel, we engage closely with end customers, providing AMR solutions that meet their specific operational needs. This enables us to maintain strong customer relationships, gain deeper insights into market trends, and deliver comprehensive support across implementation, training, and after-sales service. Direct sales are particularly beneficial in markets where we can leverage our expertise to provide a fully integrated solution from design to deployment.
- *Channel partner sales:* Our channel partner sales channel leverages a network of trusted partners with established local expertise and market presence. Channel partners play a critical role in expanding our reach, especially in regions where local knowledge and connections are vital for market entry and rapid scaling. After purchasing our AMR solutions or products, our channel partners typically integrate them as key components into their broader, customized warehousing solutions designed to meet the specific needs of end customers. By consolidating our AMR solutions with their own hardware, software, and services, these channel partners are able to deliver enhanced functionality, efficiency, and value proposition to end customers. We refer to these channel partners as integrators, and, during the Track Record Period, the substantial majority of our revenue generated from channel partner sales came from such integrators. In other cases, our channel partners directly promote and resell our AMR solutions to end customers based on their understanding and knowledge of our AMR solutions. In this process, they also provide a suite of supporting services to end customers, such as design, implementation and maintenance. During the Track Record Period, we have continued to invest in broadening our channel partner network, allowing us to penetrate diverse markets more effectively, capitalize on channel partners’ networks, and achieve faster turnaround in meeting customer demands.

For more information about our sale channels, see “Business — Sales and Marketing — Our Sales Channels.”

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The following table sets forth the breakdown of our revenue from sales of AMR solutions in an absolute amount and as a percentage of total revenue by sales channel for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Direct sales	747,220	51.5	1,565,971	73.1	1,610,030	66.8
Channel partner sales	500,225	34.4	558,078	26.0	792,285	32.9
Total	1,247,445	85.9	2,124,049	99.1	2,402,314	99.7

During the Track Record Period, the revenue contribution from channel partner sales has generally continued to grow, as our business development strategies evolved. In the early stages, when our business was still relatively small, our focus was on serving key account end customers, i.e., large, strategically important customers, and driving their repeat purchases. Over time, we began expanding distribution channels and improving channel management to reach a wider range of underserved customers.

Cost of Sales

Our cost of sales consists primarily of:

- Material costs: Include costs of raw materials mainly including robot structure parts, motors, drive wheels, controllers, and power batteries and related write-down of materials.
- Implementation costs: Include the fees incurred to deploy and implement our solutions for our customers, including the wages and benefits for employees directly involved in this process.
- Transportation costs: Costs associated with shipping and delivering AMRs to customers, including freight charges and handling fees.
- Tax and other costs: These consist of taxes and import/export tariffs imposed by various jurisdictions on the materials, components, and finished products we source or deliver internationally.
- Write-down of inventories: Write-down of inventories represents the costs of inventories exceeding the net realizable value. For details, see “Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Inventories.”
- RaaS: These are costs tied to our RaaS business, which is currently being decreased.

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The following table sets forth a breakdown of our cost of sales by nature, in an absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Material	563,161	38.8	939,773	43.8	1,042,597	43.3
Implementation	146,455	10.1	252,862	11.8	326,853	13.6
Transportation	69,287	4.8	78,428	3.6	69,794	2.9
Tax and others	39,395	2.7	86,805	4.1	82,131	3.4
Write-down of inventories . .	119,632	8.2	100,245	4.7	41,549	1.7
RaaS	257,685	17.7	25,540	1.2	8,920	0.4
Total	<u>1,195,615</u>	<u>82.3</u>	<u>1,483,653</u>	<u>69.2</u>	<u>1,571,844</u>	<u>65.2</u>

The following tables set forth further details of our cost of sales for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Sales of AMR solutions			
Warehouse fulfillment	696,997	1,149,142	1,322,582
Industrial material transport	121,301	208,726	198,793
Write-down of inventories	119,632	100,245	41,549
Subtotal	<u>937,930</u>	<u>1,458,113</u>	<u>1,562,924</u>
RaaS	257,685	25,540	8,920
Total	<u>1,195,615</u>	<u>1,483,653</u>	<u>1,571,844</u>

Gross Profit and Margin

Gross profit is equal to our total revenue less cost of sales. We recorded gross profit of RMB256.5 million, RMB659.3 million and RMB837.2 million, respectively, in 2022, 2023 and 2024.

We strategically focus on providing warehouse fulfillment AMR solutions and serving customers in the non-domestic markets. In 2022, 2023 and 2024, the gross margin of our warehouse fulfillment AMR solutions were 36.6%, 39.0% and 39.2%, respectively. During the same periods, the gross margin of our non-domestic markets for our sales of AMR solutions were 42.0%, 46.4% and 46.5%, respectively. For warehouse fulfillment AMR solutions, gross margin is calculated by subtracting the portion of cost of sales associated with our warehouse fulfillment AMR solutions (excluding write-downs of inventories) from the revenue generated, and then dividing that figure by the revenue from these solutions. Similarly, for non-domestic

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markets, the gross margin is calculated by subtracting the portion of cost of sales associated with our AMR solutions offered in non-domestic markets (excluding write-downs of inventories) from the revenue generated, and then dividing that figure by the revenue from these markets.

Our gross margins may vary from period to period due to the nature of the projects we take on, as different customers and projects generate varying levels of profitability. These fluctuations are also influenced by the mix of solutions we provide. Specifically, the gross margin of our AMR solutions is affected by the proportion of warehouse fulfillment solutions versus industrial material transport solutions. During the Track Record Period, the gross margin of our warehouse fulfillment AMR solutions has generally been higher than that of our industrial material transport solutions. This is because we have strategically focused on expanding and refining our warehouse fulfillment offerings, which has strengthened our competitive edge and improved our bargaining power in this segment. As a result, our overall gross margin has shown steady growth during the Track Record Period, driven by the increasing contribution of warehouse fulfillment AMR solutions to our revenue.

Research and Development Expenses

Our research and development expenses consist of compensation for our R&D staff, material costs, testing costs, depreciation and amortization, professional service expenses, and office and travel expenses.

The following table sets forth a breakdown of our research and development expenses by nature, in an absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Employee compensation . . .	366,919	25.3	312,908	14.5	243,576	10.1
Materials	24,719	1.7	25,562	1.2	14,928	0.6
Professional service expenses ⁽¹⁾	14,421	1.0	12,915	0.6	10,890	0.5
Depreciation and amortization	23,693	1.6	18,871	0.9	9,682	0.4
Testing	4,135	0.3	6,258	0.3	1,093	0.0
Office and travel expenses . .	2,901	0.2	3,358	0.2	1,879	0.1
Total	436,788	30.1	379,872	17.7	282,048	11.7

Note:

- (1) Includes costs incurred for applying for patents in the markets where we operate, fees paid to professionals involved in the patent application process, and costs related to certifying patents.

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Our research and development expenses as a percentage of our total revenue has generally declined over time during the Track Record Period, primarily due to the rapid revenue growth outpacing the increase in research and development expenses, the increasing standardization and modularization of our solutions, which has driven development efficiency, as well as our focus on AMR solutions for warehousing fulfillment rather than the full spectrum of AMR solutions, which has further enhanced our research and development efficiency.

Selling and Marketing Expenses

Our selling and marketing expenses consist mainly of compensation for our sales and marketing staff, office and travel expenses, marketing expenses, and depreciation and amortization.

The following table sets forth a breakdown of our selling and marketing expenses by nature, in an absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Employee compensation . . .	332,482	22.8	353,156	16.6	304,084	12.6
Office and travel expenses .	47,608	3.3	71,207	3.3	52,181	2.2
Marketing expenses	41,590	2.9	37,285	1.7	39,352	1.6
Depreciation and amortization	26,982	1.9	34,428	1.6	31,955	1.3
Others	7,035	0.5	13,093	0.6	18,065	0.7
Total	455,697	31.4	509,169	23.8	445,637	18.5

Administrative Expenses

Our administrative expenses consist mainly of compensation for our administrative staff, depreciation and amortization, professional services expenses, and office and travel expenses.

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The following table sets forth a breakdown of our administrative expenses by nature, in an absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Employee compensation	122,525	8.5	154,604	7.2	109,331	4.5
Professional service expenses ⁽¹⁾ .	24,537	1.7	32,078	1.5	22,239	0.9
Depreciation and amortization . .	38,468	2.6	28,994	1.3	20,056	0.8
Office and travel expenses	25,061	1.7	37,587	1.8	30,150	1.3
Others	10,174	0.7	10,331	0.5	14,550	0.6
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	220,765	15.2	263,594	12.3	220,289	9.1

Note:

- (1) Includes payments to (i) tax advisors in the markets where we operate, (ii) legal advisers, (iii) auditors, and (iv) agencies for necessary government and regulatory filings.

Other Income and Loss, Net

Our other income and loss, net consist of (i) interest income from various financial assets, including cash and cash equivalents, and time deposits; (ii) government grants, primarily non-recurring financial support or subsidies from government primarily as incentives for research and development projects; (iii) investment income, representing income from wealth management products; (iv) net loss on disposal of property, plant and equipment; (v) net foreign exchange (loss)/gain; and (vi) other miscellaneous income and expenses. Our foreign exchange (loss)/gain during the Track Record Period mainly resulted from fluctuations in the exchange rates between the U.S. dollars, Hong Kong dollars, Euro, Australian dollars and South Korean Won, and the RMB.

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The following table sets forth a breakdown of our other income and loss, net for the periods indicated.

	For the year ended December 31,		
	2022	2023	2024
	RMB	RMB	RMB
	(in thousands)		
Interest income	2,811	19,678	13,800
Government grants	18,543	16,306	10,895
Investment income	1,576	7,565	1,757
Net loss on disposal of property, plant and equipment	(898)	(6,317)	(313)
Net foreign exchange gain/(loss)	55,830	(1,092)	(28,004)
Others	(4,639)	(2,954)	270
Total	73,223	33,186	(1,595)

Impairment Loss Recognized on Trade and Other Receivables

Our impairment loss recognized on trade and other receivables which mainly include outstanding payments due from our customers for sales of AMR solutions.

Finance Costs

Our finance costs consist of (i) interest expense on bank borrowings used to support our working capital needs; and (ii) interest expense on lease liabilities. During the Track Record Period, fluctuations in our finance costs were primarily influenced by changes in borrowing levels and interest rate variations.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities of RMB(732.0) million, RMB(648.0) million and RMB(685.8) million in 2022, 2023 and 2024, respectively. These changes during the Track Record Period were primarily driven by an increase in the redemption amount of the shares with special rights held by certain pre-[REDACTED] investors, due to the expansion of our financing activities and the passage of time. Certain Pre-[REDACTED] investors have been granted special rights, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, drag-along rights, information rights, redemption rights, anti-dilution rights, and appointment rights of observers to the Board. These special rights shall all be automatically terminated upon the [REDACTED]. For details, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

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Share of (Losses)/Profits of an Associate

We recorded share of (losses)/profits of an associate of RMB(15.0) million, RMB14.9 million and RMB24.0 thousand in 2022, 2023 and 2024, respectively. These fluctuations were primarily driven by profit or loss of our investee Geekplus JP, a Japan-based company specializing in the AMR business.

Income Tax

We recorded income tax losses of RMB3.1 million, RMB4.2 million and RMB4.2 million, respectively, in 2022, 2023 and 2024.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 12.4% from RMB2,142.9 million in 2023 to RMB2,409.0 million in 2024. This growth was primarily due to higher sales of AMR solutions, driven by (i) an increase in the number of customers; and (ii) higher average revenue per customer. The increase in customer numbers reflects our strategic efforts to expand sales capabilities and market reach by targeting a wider range of customers and sectors while addressing their specific needs. Additionally, we utilize both direct sales and channel partner partnerships, with channel partners becoming a focus of our sales and marketing strategy. Through the combined efforts of our dedicated sales team and expanding channel partner network, we have successfully increased customer acquisition and enhanced overall customer coverage, contributing to our increased number of customers.

The revenue contribution from individual customers has been largely driven by the increased recurring purchases from large, high-value key customers. This growth reflects a trend where these important customers continue to make repeat purchases, highlighting strong loyalty and satisfaction among our key customers.

Revenue growth during this period was partially offset by a decline in revenue from our RaaS services, as we decrease this line of business.

Cost of Sales

Our cost of sales increased by 5.9% from RMB1,483.7 million in 2023 to RMB1,571.8 million in 2024, primarily due to the growth in our sales volume and business expansion, which resulted in higher procurement, production, and logistics expenses.

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Gross Profit and Margin

As a result, our gross profit rose by 27.0%, from RMB659.3 million in 2023, to RMB837.2 million in 2024. Our overall gross margin increased from 30.8% in 2023 to 34.8% in 2024. The changes in our overall gross margin were primarily due to the increased revenue contribution from our warehouse fulfillment AMR solutions. The gross margin of our warehouse fulfillment AMR solutions was 39.0% and 39.2%, respectively, in 2023 and 2024. The increase in gross profit margin of our warehouse fulfillment AMR solutions was primarily due to the continuous cost reductions through product design optimization and supply chain procurement, leading to a steady decline in costs. For further details about our gross margins during the Track Record Period, see “— Description of Major Components of Our Results of Operations — Gross Profit and Margin.”

Research and Development Expenses

Our research and development expenses decreased by 25.8% from RMB379.9 million in 2023 to RMB282.0 million in 2024. This reduction reflects cost efficiencies achieved through the deployment of a mature suite of AMR technologies, including Robot Matrix, the Geek+ Software Suite, and Hyper+ Core Algorithms. These technologies serve as foundational platforms that are reusable and adaptable across a broad range of AMR products and solutions, thereby minimising redundant R&D efforts and enabling the allocation of development costs over an expanding product portfolio. Additionally, we prioritized developing tools and standardized modules, making the development of AMR products and technologies more cost-efficient.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 12.5% from RMB509.2 million in 2023 to RMB445.6 million in 2024, mainly due to the growing acceptance of our product solutions by customers, repeat purchases from key accounts, and the development of channel capabilities, all of which contributed to an overall improvement in sales efficiency.

Administrative Expenses

Our administrative expenses decreased by 16.4%, from RMB263.6 million in 2023, to RMB220.3 million in 2024, mainly due to improved efficiency in our administrative operations and strict control over general administrative costs.

Other Income and Loss, Net

We recorded other loss, net of RMB1.6 million in 2024, compared to other income, net of RMB33.2 million in 2023, primarily due to the impact of fluctuations in exchange gains and losses, as well as the decline in interest income, which resulted from a decline in our weighted average bank deposit balance.

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Impairment Loss Recognized on Trade and Other Receivables

Our net impairment loss recognized on trade and other receivables increased by 53.5% from RMB9.9 million in 2023 to RMB15.2 million in 2024. This increase was primarily due to the increased receivables in 2024 compared to 2023.

Finance Costs

Our finance costs increased by 4.8% from RMB13.3 million in 2023 to RMB13.9 million in 2024. This increase was primarily due to decrease in balance compared to the prior year, coupled with an increase in borrowings during the period, which led to higher expenses.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased by 5.8% from RMB(648.0) million in 2023 to RMB(685.8) million in 2024. These are due to an increase in the redemption amounts of shares with special rights held by pre-[REDACTED] investors, due to the passage of time.

Share of (Losses)/Profits of an Associate

We recorded share of (losses)/profits of an associate of RMB24.0 thousand in 2024, compared to RMB14.9 million in 2023. The changes in share of (losses)/profits of an associate are due to the changes in the operational and financial performance of our investee, Geekplus JP.

Loss before Taxation

As a result of the foregoing, our loss before taxation decreased by 26.3% from RMB1,122.5 million in 2023 to RMB827.3 million in 2024.

Income Tax

We recorded income tax of RMB4.2 million and RMB4.2 million, respectively, for 2023 and 2024.

Loss for the Year

As a result of the foregoing, our loss for the year narrowed significantly from RMB1,126.7 million in 2023 to RMB831.5 million in 2024.

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Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue grew by 47.6%, from RMB1,452.2 million in 2022 to RMB2,142.9 million in 2023, primarily due to higher sales of AMR solutions. This growth was driven by (i) an increase in the number of customers; and (ii) an increase in average revenue per customer. The increase in customer numbers was driven by our efforts in reaching a wider range of customers and industries. Additionally, the combined efforts of our sales team and expanding channel partner network have enhanced customer acquisition and broadened overall market coverage. Additionally, recurring purchases from large, high-value customers have contributed to the increase in average revenue per customer.

Cost of Sales

Our cost of sales increased by 24.1% from RMB1,195.6 million in 2022 to RMB1,483.7 million in 2023. This increase in our costs of sales was primarily driven by our continued business growth during the same period.

Gross Profit and Margin

As a result of the foregoing, our overall gross profit increased significantly from RMB256.5 million in 2022 to RMB659.3 million in 2023 and our overall gross margin increased from 17.7% in 2022 to 30.8% in 2023. The changes in our overall gross margin were due to the increased revenue contribution from our warehouse fulfillment AMR solutions, and an increase in the gross margin of such solutions from 36.6% to 39.0% over the same period. For further details about our gross margins during the Track Record Period, see “— Description of Major Components of Our Results of Operations — Gross Profit and Margin.”

Research and Development Expenses

Our research and development expenses decreased by 13.0% from RMB436.8 million in 2022 to RMB379.9 million in 2023. The decrease reflects cost efficiencies achieved through the deployment of a mature suite of AMR technologies, including Robot Matrix, the Geek+ Software Suite, and Hyper+ Core Algorithms, which serve as foundational platforms that are reusable and adaptable across a broad range of AMR products and solutions, thereby minimizing redundant R&D efforts and enabling the allocation of development costs over an expanding product portfolio.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 11.7% from RMB455.7 million in 2022 to RMB509.2 million in 2023, mainly driven by expanded investments in our sales efforts.

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Administrative Expenses

Our administrative expenses increased by 19.4% from RMB220.8 million in 2022 to RMB263.6 million in 2023, largely driven by our overall business growth.

Other Income and Loss, Net

Our other income, net decreased by 54.7% from RMB73.2 million in 2022 to RMB33.2 million in 2023, primarily due to a net foreign exchange loss recorded in 2023, compared to a significant net foreign exchange gain in 2022, resulting from macroeconomic factors affecting exchange rates.

Impairment Loss Recognized on Trade and Other Receivables

Our net impairment loss recognized on trade and other receivables decreased by 12.6% from RMB11.3 million in 2022 to RMB9.9 million in 2023, primarily due to our improved credit management practices.

Impairment Loss of Property, Plant, and Equipment

We incurred impairment loss of property, plant, and equipment of RMB6.1 million in 2023 (as opposed to nil in 2022) due to the write-down of certain fixed assets associated with decreasing our RaaS business.

Finance Costs

Our finance costs increased by 6.4% from RMB12.5 million in 2022 to RMB13.3 million in 2023, primarily due to a higher balance of bank borrowings used to support our working capital needs.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities decreased by 11.5% from RMB(732.0) million in 2022 to RMB(648.0) million in 2023. These changes are due to an increase in the redemption amounts of shares with special rights held by pre-[REDACTED] investors, due to the passage of time. Certain Pre-[REDACTED] investors have been granted special rights, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, drag-along rights, information rights, redemption rights, anti-dilution rights, and appointment rights of observers to the Board. These special rights shall all be automatically terminated upon the [REDACTED]. For details, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

Share of (Losses)/Profits of an Associate

We recorded share of (losses)/profits of an associate of RMB14.9 million in 2023, compared to RMB(15.0) million in 2022. This improvement was primarily driven by the improved operational and financial performance from our investee Geekplus JP.

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Loss before Taxation

As a result of the foregoing, our loss before taxation decreased by 28.2% from RMB1,564.1 million in 2022 to RMB1,122.5 million in 2023.

Income Tax

We recorded income tax of RMB3.1 million and RMB4.2 million, respectively, in 2022 and 2023.

Loss for the Year

As a result of the foregoing, our loss decreased by 28.1% from RMB1,567.1 million in 2022 to RMB1,126.7 million in 2023.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth the selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this Document.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total non-current assets	184,822	180,467	275,795
Total current assets	3,248,976	3,266,913	2,928,635
Total assets	3,433,798	3,447,380	3,204,430
Total non-current liabilities	44,657	46,917	48,765
Total current liabilities	7,716,956	8,843,529	9,404,464
Total liabilities	7,761,613	8,890,446	9,453,229
Net liabilities	(4,327,815)	(5,443,066)	(6,248,799)
Capital and reserves:			
Share capital	1,159,211	1,159,211	1,159,211
Reserves	(5,487,026)	(6,602,277)	(7,408,010)
Total deficit attributable to equity shareholders of the Company	(4,327,815)	(5,443,066)	(6,248,799)
Total deficit	(4,327,815)	(5,443,066)	(6,248,799)

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

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			(unaudited)
Current assets				
Inventories	1,185,313	1,190,598	1,029,457	1,379,332
Trade and bills receivables . .	373,317	708,280	713,556	560,036
Contract assets	20,529	38,720	41,564	43,808
Prepayments and other receivables	208,846	226,758	277,098	286,074
Financial assets measured at fair value through profit or loss	—	51,146	—	—
Restricted cash	89,799	99,014	130,983	94,488
Time deposits	250,000	192,000	100,000	100,000
Cash and cash equivalents . .	1,121,172	760,397	635,977	632,691
Total current assets	3,248,976	3,266,913	2,928,635	3,096,429
Current liabilities				
Trade payables	641,610	821,482	999,760	1,066,996
Other payables and accruals .	221,249	266,000	280,062	207,850
Contract liabilities	852,382	914,057	610,674	874,581
Bank loans	210,911	421,168	413,900	507,022
Lease liabilities	49,128	27,571	15,096	11,264
Redemption liabilities	5,714,813	6,362,819	7,048,626	7,041,382
Provisions	24,865	30,432	34,579	26,478
Current taxation	1,998	—	1,767	—
Total current liabilities	7,716,956	8,843,529	9,404,464	9,735,573
Net current liabilities	(4,467,980)	(5,576,616)	(6,475,829)	(6,639,144)

As of December 31, 2022, 2023, 2024 and March 31, 2025, our net current liabilities amounted to RMB4,468.0 million, RMB5,576.6 million, RMB6,475.8 million and RMB6,639.1 million, respectively. The changes in our net current liabilities across December 31, 2022, 2023, 2024 and March 31, 2025 were mainly due to the decrease in current assets, resulting from (i) time deposits amounted to RMB250.0 million, RMB192.0 million, RMB100.0 million and RMB100.0 million as of December 31, 2022, 2023, 2024 and March 31, 2025, respectively; and (ii) cash and cash equivalents amounted to RMB1,121.2 million, RMB760.4 million, RMB636.0 million and RMB632.7 million as of December 31, 2022, 2023, 2024 and March 31, 2025, respectively.

As of December 31, 2022, 2023 and 2024, our net liabilities amounted to RMB4,327.8 million, RMB5,443.0 million and RMB6,248.8 million, respectively.

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Our net current liabilities increased from RMB5,576.6 million as of December 31, 2023 to RMB6,475.8 million as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents from RMB760.4 million as of December 31, 2023 to RMB636.0 million as of December 31, 2024, (ii) an increase in redemption liabilities from RMB6,362.8 million as of December 31, 2023 to RMB7,048.6 million as of December 31, 2024, primarily because of the increased redemption value of the shares with special rights due to the passage of time, and (iii) a decrease in time deposits from RMB192.0 million as of December 31, 2023 to RMB100.0 million as of December 31, 2024, reflecting our strategic adjustments to short-term fixed deposits which was generally in line with our cash flow management strategy. The increase in our net current liabilities was partially offset by (i) a decrease in contract liabilities from RMB914.1 million as of December 31, 2023 to RMB610.7 million as of December 31, 2024, primarily due to our contract order fulfillment cycle, and (ii) a decrease in lease liabilities from RMB27.6 million as of December 31, 2023 to RMB15.1 million as of December 31, 2024, mainly driven by the reduction leases of our manufacturing facilities due to our exit of the RaaS business.

Our net current liabilities increased from RMB4,468.0 million as of December 31, 2022 to RMB5,576.6 million as of December 31, 2023, primarily due to (i) an increase in redemption liabilities from RMB5,714.8 million as of December 31, 2022 to RMB6,362.8 million as of December 31, 2023, primarily because of the increased redemption value of the shares with special rights due to the passage of time, (ii) a decrease in cash and cash equivalents from RMB1,121.2 million as of December 31, 2022 to RMB760.4 million as of December 31, 2023, (iii) an increase in bank loans from RMB210.9 million as of December 31, 2022 to RMB421.2 million as of December 31, 2023, and (iv) an increase in trade payables from RMB641.6 million as of December 31, 2022 to RMB821.5 million as of December 31, 2023, driven by our overall business growth. The increase in our net current liabilities was partially offset by (i) an increase in trade and bill receivables from RMB373.3 million as of December 31, 2022 to RMB708.3 million as of December 31, 2023, driven by our overall business growth, and (ii) an increase in inventories from RMB1,185.3 million as of December 31, 2022 to RMB1,190.6 million as of December 31, 2023.

Assets

Time Deposits

As of December 31, 2022, 2023 and 2024, the balance of our time deposits was RMB250.0 million, RMB192.0 million and RMB100.0 million, respectively.

Restricted Cash

As of December 31, 2022, 2023 and 2024, the balance of our restricted cash was RMB89.8 million, RMB99.0 million and RMB131.0 million, respectively.

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Cash and Cash Equivalents

As of December 31, 2022, 2023 and 2024, our cash and cash equivalents amounted to RMB1,121.2 million, RMB760.4 million and RMB636.0 million, respectively. Our cash and cash equivalents primarily consist of cash held at banks and other financial institutions, readily accessible on demand to support our operational and liquidity needs.

Inventories

Our inventories primarily consist of (i) finished goods, such as AMRs and related systems that are fully manufactured, tested, packaged, and ready for sale; (ii) work in progress, which includes items still in production, such as partially assembled robots, unfinished systems, or components undergoing testing; and (iii) materials for our AMR solutions, mainly including robot structure parts, motors, drive wheels, controllers, and power batteries.

The following table sets forth a summary of the balances of our inventories as of the dates indicated. Write-down of inventories represents the amounts the costs of inventories exceeding the net realizable value.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Finished goods	1,134,807	1,218,810	974,137
Work in progress	47,686	23,257	32,363
Raw materials	116,513	154,233	184,017
Less: write-down of inventories.	(113,693)	(205,702)	(161,060)
Total	<u>1,185,313</u>	<u>1,190,598</u>	<u>1,029,457</u>

As of December 31, 2022, 2023 and 2024, the balance of our inventories was RMB1,185.3 million, RMB1,190.6 million and RMB1,029.5 million, respectively. According to CIC, AMR channel partners typically purchase products based on sales demand, and our inventory fluctuation through these partners is generally in line with industry standards.

We believe maintaining appropriate levels of inventories dynamically helps us fully address our customers’ demand and achieve customer satisfaction without adversely affecting our liquidity. We have in place a set of policies and procedures to manage our inventories. For details, see “Business — Inventory Management.”

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The following table sets forth the turnover days for inventories for the periods indicated.

	For the year ended December 31,		
	2022	2023	2024
	(days)		
Inventories turnover days ⁽¹⁾	297.6	292.3	257.8

Note:

- (1) Inventory turnover days for each year is calculated as the average inventory balance, derived from the beginning and ending inventory balances of the year, divided by the cost of sales for the same year, and then multiplied by the number of days in that year (i.e., 365 days for one fiscal year).

Our relatively long inventory turnover days are primarily a reflection of the nature of our project-based business model and the delivery cycle of our AMR solutions. Due to the highly customized nature of our solutions, the period from production completion to final customer acceptance is often extended, as it typically involves on-site deployment, system integration, testing, and formal acceptance procedures, particularly for enterprise customers with complex warehouse environments.

Our inventories turnover days remained relatively stable at 297.6 days in 2022 and 292.3 days in 2023. Our inventories turnover days significantly decreased to 257.8 days in 2024, mainly due to the following operational improvements: (i) implementation of more precise, demand-driven procurement strategies, which shortened the lead time for raw material sourcing; (ii) standardization of the delivery and deployment process, allowing us to accelerate the transition from production to customer acceptance; and (iii) stronger sales execution and higher project delivery volumes, which reduced inventory balances and increased inventory turnover efficiency.

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

	As of December 31, 2022						
	Within 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total	Less: write down of inventories	Carrying value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods . . .	890,114	209,213	35,189	290	1,134,807	(109,268)	1,025,539
Work in progress. .	47,686	–	–	–	47,686	–	47,686
Raw materials . . .	104,198	10,868	613	834	116,513	(4,425)	112,088
	1,041,998	220,081	35,802	1,124	1,299,006	(113,693)	1,185,313

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As of December 31, 2023

	Within 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total	Less: write down of inventories	Carrying value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods . . .	834,399	294,297	70,327	19,786	1,218,810	(194,310)	1,024,500
Work in progress . .	23,257	–	–	–	23,257	–	23,257
Raw materials . . .	130,696	21,069	1,945	523	154,233	(11,392)	142,841
	988,352	315,366	72,272	20,309	1,396,300	(205,702)	1,190,598

As of December 31, 2024

	Within 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total	Less: write down of inventories	Carrying value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods . . .	672,547	153,731	118,812	29,046	974,137	(137,001)	837,136
Work in progress . .	32,363	–	–	–	32,363	–	32,363
Raw materials . . .	142,343	23,797	16,879	997	184,017	(24,059)	159,958
	847,253	177,528	135,691	30,043	1,190,517	(161,060)	1,029,457

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. As of December 31, 2022, 2023 and 2024, we recorded write-down of inventories of RMB113.5 million, RMB205.7 million and RMB161.1 million, respectively.

Our inventories primarily consist of (i) finished goods, (ii) work in progress, and (iii) raw materials for our AMR solutions. We generally purchase raw materials based on sales demand and most of the work in progress and raw materials will be subsequently sold or utilized within a year. We made provision of the value of the raw materials and work in progress based on expected utilization and condition of goods. Finished goods represent a significant portion which account for 87.4%, 87.3% and 81.8% of the inventories as of the December 31, 2022, 2023 and 2024, respectively. We considered the provision of finished goods as following: costs is calculated using the weighted average cost formula and comprises all costs of purchase and costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realizable value of the finished goods is based on the order intake and historical experience of the selling of similar nature. We recognized the amount of any provision of finished goods when the net realizable value is lower than their cost.

As of April 30, 2025, RMB445.8 million or 37.4% of our inventories outstanding as of December 31, 2024 had been subsequently sold or utilized. The finished goods, which represent a significant portion of inventories, that have not been sold or impaired is mainly due to our strategic production and stockpiling in anticipation of existing or future demand. Given

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the project-based nature of our business and the need for timely deployment, we maintain a certain level of finished goods inventory to support delivery efficiency, accommodate fluctuations in order volume, and ensure continuity in fulfilling repeat orders from key customers. Since much of this inventory relates to standard AMR models with broad applicability across industries, it carries a lower risk of obsolescence. As such, our management believes that there is no recoverability issue for inventories based on the high level of subsequent utilization and sufficient provision has been made.

Trade and Bills Receivables

Our trade and bills receivables mainly consist of outstanding amounts from customers for the sale of our AMR solutions.

The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Bills receivables	3,639	13,668	6,091
Trade receivables:			
Amounts due from a related party	–	21,900	19,932
Amounts due from third parties	395,555	708,453	734,865
Less: loss allowance	<u>(25,877)</u>	<u>(35,741)</u>	<u>(47,332)</u>
Total	<u>373,317</u>	<u>708,280</u>	<u>713,556</u>

As of December 31, 2022, 2023 and 2024, the balance of our trade and bills receivables were RMB373.3 million, RMB708.3 million and RMB713.6 million, respectively. The balance of our trade and bills receivables has generally increased over time during the Track Record Period, reflecting our business growth.

As of December 31, 2022, 2023 and 2024, we recorded loss allowance on trade and bills receivables of RMB25.9 million, RMB35.7 million and RMB47.3 million, respectively. We measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses (“ECLs”), which is calculated using a provision matrix.

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The following table provides an aging analysis of our trade and bills receivables, categorized by the number of days outstanding, as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within 1 year	338,286	614,801	567,259
1 to 2 years	30,076	73,784	104,599
2 to 3 years	4,130	17,692	39,268
3 to 4 years	825	2,003	2,430
Total	<u>373,317</u>	<u>708,280</u>	<u>713,556</u>

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

	For the year ended December 31,		
	2022	2023	2024
	(days)		
Trade and bills receivables turnover days ⁽¹⁾	83.1	92.1	107.7

Note:

- (1) Trade and bills receivables turnover days for each periods equals the average balance of trade and bills receivables of the beginning and ending balances of trade and bills receivables for that period divided by the corresponding total revenue for the relevant period, multiplied by the number of days during such periods (i.e., 365 days for one fiscal year).

Our trade and bills receivables turnover days increased from 83.1 days in 2022 to 92.1 days in 2023, primarily because we had more diversified settlement terms with different customers as our customer base continued to grow in number and diversity. Our trade and bills receivables turnover days further increased to 107.7 days in 2024, which is in line with our increased sales volume and adjustment to credit management to support business expansion.

When determining the recoverability of trade and bills receivables, we consider changes in the credit quality of the trade and bills receivables from the date when the credit was granted to the reporting date. We also estimate the recoverable amount of trade receivables based on our historical credit loss experiences, adjusted for factors that are specific to debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

In order to achieve timely settlement of our trade and bills receivables, we have proactively made collection efforts with our customers, including (i) closely monitoring the status of our trade receivables, (ii) holding periodic meetings to discuss the status of trade

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receivables, and (iii) timely communicating with relevant parties and reminding them of payments through various channels. As a result, as of April 30, 2025, RMB320.9 million, RMB622.3 million and RMB291.0 million, or 80.4%, 83.6% and 38.2% of our trade and bills receivables outstanding as of December 31, 2022, 2023 and 2024, had been subsequently collected.

We have assessed the recoverability of our trade and bills receivables, including those aged over one year, and confirms that there are no material impairment or recoverability issues. For trade and bills receivables aged over one year, we have reviewed the customer profiles, assessed the likelihood of collection, and examined any subsequent settlement activity. While a portion of these aged balances has not yet been settled as of the Latest Practicable Date, such balances are associated with long-term cooperative customers. We typically offer extended payment terms to customers with strong credit histories and solid reputations. These arrangements support key customer relationships and align with their business needs. At the same time, we are highly focused on maintaining healthy cash flow and minimizing credit risk. To that end, we take a proactive approach to collections. Our dedicated collection team regularly monitors receivables, meets internally to review outstanding balances, and engages with customers through multiple channels to remind them of upcoming payments. This hands-on approach helps us stay on top of collections and quickly address any potential issues. Looking ahead, we plan to strengthen our collections efforts even further, by developing more targeted strategies, including using data-driven insights to identify potential risks earlier and dedicating account managers to support key customers. We are also refining our customer base to focus on those who consistently deliver sustainable growth, while applying more rigorous credit standards across both new and existing customers. Based on these efforts and our disciplined credit practices overall, we believe there is no significant risk to the recoverability of our trade receivables. We are confident that our approach will continue to support strong cash flow and a healthy balance sheet, positioning us well for long-term growth.

We have assessed the recoverability of our trade and bills receivables, including the review of the customer profiles, the assessment of the likelihood of collection, and the consideration of any subsequent settlement.

- For the trade and bills receivable that are deemed uncollectible, we have individually made fully provision. As at December 31, 2024, the provision of trade and bills receivables we made on individual basis is RMB 25.8 million;
- For the other trade and bills receivables that individual provision was not made, there were no ongoing disputes or potential disputes with these customers, and we measure loss allowances for such receivables at an amount equal to lifetime expected credit losses (“ECLs”). Sufficient loss allowance provisions for trade and bills receivables were made in accordance with IFRS Accounting Standards to reflect uncertainties associated with the outstanding amount and we would continue to make sufficient provisions to account for any potential write-offs. Specifically, a number of customers with a total amount of RMB555.7 million (or 73.0%) of the trade and bills receivables as of December 31, 2024 had made partial or full

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repayment to us by April 30, 2025, there is no material recoverability issue for these trade and bills receivables. For the remaining customers that have not yet made any payments with large amounts of outstanding trade and bills receivables as of December 31, 2024 (more than RMB1 million individually with a total amount of RMB136.5 million), we have continued to timely communicate with these customers for payment through email, phone calls and other means. We did not have any disagreement with such customers in such communications. Therefore, We are of the view that there is no material recoverability issue for our trade and bills receivables.

We measure loss allowances at an amount equal to lifetime ECL based on historical settlement records and forward-looking information. We adopted certain expected loss rate based on the age of trade and bills receivables. Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables. As of December 31, 2022, 2023 and 2024, we recorded loss allowances for trade and bills receivables of RMB25.9 million, RMB35.7 million and RMB47.3 million, respectively.

The following table provides information about our exposure to credit risk and ECLs for trade receivables:

As at December 31, 2022						
	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Within one year.	335,882	–	335,882	0%	1,234	1,234
Between 1 year and 2 years . .	39,822	8,363	31,459	4%	1,383	9,746
Between 2 years and 3 years . .	5,271	–	5,271	22%	1,141	1,141
Between 3 years and 4 years . .	2,099	–	2,099	60%	1,275	1,275
Over 4 years . . .	12,481	9,826	2,655	100%	2,655	12,481
	<u>395,555</u>					<u>25,877</u>

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As at December 31, 2023

	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Within one year .	602,891	–	602,891	0%	1,759	1,759
Between 1 year and 2 years . .	80,634	3,991	76,643	4%	2,858	6,849
Between 2 years and 3 years . .	28,667	8,363	20,304	3%	2,612	10,975
Between 3 years and 4 years . .	3,864	–	3,864	48%	1,861	1,861
Over 4 years . . .	14,297	9,826	4,471	100%	4,471	14,297
	<u>730,353</u>					<u>35,741</u>

As at December 31, 2024

	Gross carrying amount	Provision on individual basis	Carrying amount after individual provision	ECL rate	ECL	Loss allowance
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Within one year .	564,293	–	564,293	0%	3,126	3,126
Between 1 year and 2 years . .	108,614	–	108,614	4%	4,015	4,015
Between 2 years and 3 years . .	49,150	4,175	44,975	3%	5,707	9,882
Between 3 years and 4 years . .	19,805	11,848	7,957	69%	5,526	17,374
Over 4 years . . .	12,935	9,826	3,109	100%	3,109	12,935
	<u>754,797</u>					<u>47,332</u>

The changes of the expected credit rate for trade receivables for time band “between 3 years and 4 years” during the Track Record Period are partly because there is small amount of trade receivables for that time band, which results in more noticeable fluctuation in the expected loss rates. As the business grew, we had more diversified settlement terms with different customers during the Track Record Period, which results in a larger volume of trade receivables, an increase in long-aged trade receivables from customers, and a higher expected credit rate for trade receivables.

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Property, Plant and Equipment

Our property, plant and equipment consist of (i) plant and equipment, including machinery used in the manufacturing and assembly of AMRs and other related systems; (ii) fixtures and fittings, including a wide range of supporting equipment and facilities used in our daily operations; (iii) land, including the one parcel of land used for the production facilities under construction in Hefei; and (iv) construction in progress relating to the construction of our Hefei manufacturing facility.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Plant and equipment	51,808	22,226	15,562
Fixtures and fittings	47,079	25,959	29,711
Land	—	5,424	5,314
Buildings	—	—	90,063
Construction in progress	—	37,064	56,697
Total	98,887	90,673	197,347

As of December 31, 2022, 2023 and 2024, the carrying amount of our property, plant and equipment was RMB98.9 million, RMB90.7 million and RMB197.3 million, respectively. The changes in the carrying amount of our property, plant and equipment over time during the Track Record Period was driven by expansion of our production and other facilities and equipment to support business growth, offset by (i) decreases in equipment and other assets due to disposals resulting from the decrease of our RaaS business; and (ii) amortization and obsolescence.

Impairment Assessment for Non-financial Assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets; and
- investments in subsidiaries in the Company’s statements of financial position.

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If any such indication exists, the asset’s recoverable amount is estimated. In addition, for intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- ***Recognition of impairment losses***

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- ***Reversals of impairment losses***

In respect of assets, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

During the Track Record Period, we reviewed the internal and external sources of information, and identified all of the impairment indication of our non-financial assets. As we strategically terminate the RaaS service to focus on the sales of our core AMR products, the recoverable amount of the property, plant and equipment such as equipment, fixtures and fittings related to the RaaS business is less than its carrying amount. Accordingly, we incurred impairment loss of property, plant, and equipment of nil, RMB6.1 million and nil in 2022, 2023 and 2024 due to the write-down of certain fixed assets associated with decreasing our RaaS business.

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Right-of-Use Assets

Our right-of-use assets primarily represent our leased buildings, equipment, and machinery for our production facilities, warehouses, and offices. As of December 31, 2022, 2023 and 2024, the carrying amount of our right-of-use assets was RMB54.0 million, RMB41.6 million and RMB27.7 million, respectively. The changes in the carrying amount of our right-of-use assets during the Track Record Period primarily reflects the expiration of certain lease agreements, and reductions in leased spaces due to operational optimization.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consist of (i) deductible input value-added tax (VAT), (ii) advance payments to suppliers for inventories, and (iii) a range of deposits paid upfront to secure services, rental agreements, or contracts. As of December 31, 2022, 2023 and 2024, the balance of our prepayments and other receivables was RMB208.8 million, RMB226.8 million and RMB277.1 million, respectively. The balance of our payments and other receivables has generally increased during the Track Record Period, reflecting our overall business expansion.

Financial assets measured at fair value through profit or loss

Our financial assets measured at fair value through profit or loss include wealth management products issued by reputable financial institutions in the PRC and certain foreign currency forward contracts designed to manage foreign exchange risk and optimize investment returns. As of December 31, 2022, 2023 and 2024, our financial assets measured at fair value through profit or loss were nil, RMB51.1 million, and nil, respectively. The changes in our financial assets measured at fair value through profit or loss were primarily due to the changing balance of our wealth management products according to our cash management strategies aimed at optimizing liquidity and returns.

Our investment strategy prioritizes liquidity, safety, and returns to ensure the availability of funds while maintaining a conservative risk profile. During the Track Record Period, we primarily invested in low-risk wealth management products, typically with T+1 terms, allowing for immediate withdrawal when necessary. To regulate and control risks associated with structured deposits and wealth management product portfolios, we have established a robust set of internal risk management policies and guidelines. These outline clear approval processes, periodic monitoring, and reporting procedures to ensure that investments align with our liquidity and risk requirements. Under the guidance of our Chief Financial Officer, Ms. Liu, our finance department oversees our investment portfolio. Ms. Liu Hongyan is responsible for managing and supervising our investment activities. Her qualifications, professional expertise, and extensive experience ensure that investment decisions are made prudently with full consideration of potential risks. Please see “Directors, Supervisors and Senior Management” for details of Ms. Liu’s background and past experience.

Our investments classified as financial assets measured at fair value through profit or loss will comply with Chapter 14 of the Listing Rules after the [REDACTED].

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Liabilities

Trade Payables

Our trade payables primarily represent outstanding amounts owed to third parties, including payments for goods, labor fees associated with project implementation, and transportation costs.

As of December 31, 2022, 2023 and 2024, our trade payables was RMB641.6 million, RMB821.5 million and RMB999.8 million, respectively. The increases in our trade payables during the Track Record Period were primarily due to increased procurement of raw materials and labor costs to support our expanding production and business operations.

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

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year or on demand	598,852	783,070	956,460
Between one year and two years	38,160	32,206	32,349
Over two years	4,598	6,206	10,951
Total	<u>641,610</u>	<u>821,482</u>	<u>999,760</u>

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

	For the year ended December 31,		
	2022	2023	2024
	(days)		
Trade payables turnover days ⁽¹⁾	182.5	180.0	211.5

Note:

- (1) Trade payables turnover days for each period equals the average balance of trade payables of the beginning and ending balances of trade payables for that period divided by cost of sales for the relevant period, multiplied by the number of days during such period (i.e., 365 days for one fiscal year).

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Our trade payables turnover days remained relatively stable at 182.5 days and 180.0 days, respectively, in 2022 and 2023. Our trade payables turnover days increased to 211.5 days in 2024, primarily because: (i) we negotiated longer credit terms with certain suppliers, particularly through competitive tendering processes; and (ii) as our sales and production activities expanded, we placed larger orders with suppliers, which led to a higher trade payable balance as of year-end.

As of April 30, 2025, RMB650.7 million, or 65.1% of our trade payables outstanding as of December 31, 2024, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist primarily of payroll and welfare payable, payables for construction cost, payables for staff related costs and others.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Payroll and staff related costs payable..	109,744	134,662	91,291
Payables for professional services	12,947	8,484	30,036
Guarantee deposits	2,699	1,613	1,399
Payables for construction cost	–	19,470	60,642
Other tax payables ⁽¹⁾	64,179	82,635	85,534
Others	31,680	19,136	11,160
Total	<u>221,249</u>	<u>266,000</u>	<u>280,062</u>

Note:

(1) Represents payable value-added taxes (VAT).

As of December 31, 2022, 2023 and 2024, the balance of our other payables and accruals was RMB221.2 million, RMB266.0 million and RMB280.1 million, respectively. The changes in our other payables and accruals over time was primarily influenced by payable value-added tax (VAT), payroll and staff related costs payable and payables for construction costs as our business continued to grow, partially offset by guarantee deposits due to the termination of our lease agreements associated with the decrease of our RaaS business.

As of April 30, 2025, RMB258.7 million, or 92.4% of our other payables and accruals outstanding as of December 31, 2024, had been subsequently settled.

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Lease Liabilities

Our lease liabilities, including current and non-current portions, primarily relate to our leased office buildings and production facilities.

As of December 31, 2022, 2023, 2024 and April 30, 2025, being the latest practicable date for determining our indebtedness, the balance of our lease liabilities, including both current and non-current portions, was RMB63.3 million, RMB47.6 million, RMB34.2 million and RMB30.8 million, respectively. The decrease reflects adjustments in our leasing arrangements over time, including termination or renewal of certain leases, addition of new leased spaces, or changes in lease terms.

Our lease liabilities were repayable as follows:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
<i>Current:</i>			
Within 1 year	49,128	27,571	15,096
<i>Non-current:</i>			
After 1 year but within 2 years	11,741	9,313	11,400
After 2 years but within 5 years	2,460	10,735	7,742
Total	<u>63,329</u>	<u>47,619</u>	<u>34,238</u>

Contract liabilities

Contract liabilities mainly arise from the advance payments made by customers before the Group recognizes the related revenue. As of December 31, 2022, 2023 and 2024, our contract liabilities amounted to RMB852.4 million, RMB914.1 million and RMB610.7 million, respectively. Such amount fluctuates in line with the revenue generated from these customers who make advance payments.

As of April 30, 2025, RMB151.7 million, or 24.8% of our contract liabilities outstanding as of December 31, 2024 had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements primarily through cash generated from our business operations, bank loans, and shareholder contributions. Following the [REDACTED], we plan to finance our future capital requirements through cash generated from our business operations, the net [REDACTED] from the [REDACTED], and, if needed, additional future equity or debt financings.

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We currently do not anticipate any material changes to the availability of financing to fund our operations in the near future. We had an aggregate amount of cash and cash equivalents and time deposits of RMB1,371.2 million, RMB952.4 million and RMB736.0 million as of December 31, 2022, 2023, 2024, respectively.

We had relatively limited quick assets but significant inventory balances, long inventory turnover days and net operating cash outflows throughout the Track Record Period. However, we believe we have sufficient liquidity to ensure continuous operations, based on the following grounds:

- **Positive trend in operating cash flow.** Despite our continued business expansions and revenue growth during the Track Record Period, the cash outflow from operations has steadily narrowed. In 2022, 2023 and 2024, the net cash used in operating activities was RMB649.2 million, RMB477.4 million and RMB108.1 million, respectively. This trend highlights the positive impact of our scaling operations on improving efficiency and managing liquidity.
- **High inventory balances due to project delivery structure.** The significant inventory balances and relatively long inventory turnover days are primarily attributable to our project delivery structure rather than concerns about liquidity or inventory recoverability. Unlike companies that use the percentage-of-completion method, we recognize revenue only when customers take possession of and accept the AMR solutions, typically upon final delivery or contract completion. As a result, corresponding inventories remain on our balance sheet until revenue is recognized. The relatively high and increasing inventory turnover days reflect our expanding business and the diversification of customers and projects rather than any issues with inventory recoverability. Consequently, we continue to record relatively high levels of total assets and liabilities, as inventories — including work-in-progress and completed but undelivered AMR solutions — are yet to be converted into recognized revenue. Additionally, according to CIC, our delivery cycle and revenue recognition practices are consistent with market norms for warehouse automation solution providers. Particularly in China, many of our industry peers adopt similar policies with respect to project delivery structure and revenue recognition.
- **Optimizing inventory turnover.** We have implemented strategic initiatives to enhance inventory turnover, further improving cash flow. For additional details, see “Business — Inventory Management.”
- **Other initiatives.** To ensure sufficient liquidity for continuous operations, we have adopted a comprehensive strategy emphasizing prudent financial management, operational efficiency, and revenue growth. We invest in low-risk, highly liquid wealth management products with T+1 terms for immediate access to funds and mitigate investment risks through robust internal risk management policies. Additionally, our strong relationships with multiple financial institutions enhance financing flexibility and accessibility. We are also optimizing operations to improve cash flow by streamlining production processes and reducing costs, further strengthening our liquidity position.

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Cash Flow Analysis

The following table sets forth our cash flows for the periods indicated.

	For the year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Cash used in operations	(648,099)	(471,264)	(105,648)
Tax paid	(1,056)	(6,162)	(2,453)
Net cash used in operating activities .	(649,155)	(477,426)	(108,101)
Net cash (used in)/generated from			
investing activities	(219,403)	(31,269)	48,044
Net cash generated from/(used in)			
financing activities	1,504,574	150,388	(56,148)
Net increase/(decrease) in cash and			
cash equivalents	636,016	(358,307)	(116,205)
Cash and cash equivalents at			
the beginning of the year	475,343	1,121,172	760,397
Effect of foreign exchange rate			
changes	9,813	(2,468)	(8,215)
Cash and cash equivalents at the end			
of the year	1,121,172	760,397	635,977

Net Cash Used in Operating Activities

Net cash used in operating activities in 2024 was RMB108.1 million, which primarily consists of loss before taxation of RMB827.3 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) changes in carrying amount of redemption liabilities of RMB685.8 million, (ii) depreciation of property, plant and equipment and right-of-use assets of RMB60.5 million, and (iii) write-down of inventories of RMB41.5 million. The amount was further adjusted by changes in working capital, primarily including a decrease of inventories of RMB119.6 million and an increase in trade payables of RMB178.3 million, driven by our business expansion, partially offset by an increase in trade and bill receivables of RMB16.9 million.

Net cash used in operating activities in 2023 was RMB477.4 million, which primarily consists of loss before taxation of RMB1,122.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) changes in carrying amount of redemption liabilities of RMB648.0 million, (ii) write-down of inventories of RMB100.2 million, which is generally consistent with the increase in the balance of our inventories in 2023, and (iii) depreciation of right-of-use assets of RMB43.3 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade receivables of RMB354.1 million due to collection of outstanding

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payments from customers and (ii) an increase in inventories of RMB105.5 million, partially offset by (i) an increase in other payables and accruals of RMB22.2 million and (ii) an increase in trade payables of RMB179.9 million.

Net cash used in operating activities in 2022 was RMB649.2 million, which primarily consists of loss before taxation of RMB1,564.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) changes in redemption liabilities of RMB732.0 million, and (ii) write-down of inventories of RMB119.6 million, which is generally consistent with the increase in the balance of our inventories during the same period. The amount was further adjusted by changes in working capital, primarily including an increase in other payables and accruals of RMB58.5 million, partially offset by an increase in inventories of RMB540.4 million, both of which were primarily driven by our business expansion.

Net Cash Used in Investing Activities

Net cash used in investing activities in 2024 was RMB48.0 million, which primarily consists of (i) payment for the purchase of property, plant and equipment and intangible assets of RMB102.2 million, and (ii) proceeds from sale of financial assets of RMB50.0 million, partially offset by a net decrease in time deposits of RMB92.0 million.

Net cash used in investing activities in 2023 was RMB31.3 million, which primarily consists of (i) payment for the purchase of property, plant and equipment and intangible assets of RMB48.0 million, and (ii) payment for purchase of financial assets of RMB50.0 million, partially offset by a net decrease in time deposits of RMB58.0 million.

Net cash used in investing activities in 2022 was RMB219.4 million, which primarily consists of (i) a net increase in time deposits of RMB250.0 million, and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB36.0 million, partially offset by proceeds from sale of financial assets of RMB67.0 million.

Net Cash Generated From/(Used In) Financing Activities

Net cash used in financing activities in 2024 was RMB56.1 million, which primarily consists of repayment of bank loans of RMB495.2 million, partially offset by proceeds from bank loans of RMB487.9 million.

Net cash generated from financing activities in 2023 was RMB150.4 million, which primarily consists of proceeds from bank loans of RMB430.4 million, partially offset by repayment of bank loans of RMB220.1 million.

Net cash generated from financing activities in 2022 was RMB1,504.6 million, which primarily consists of (i) proceeds from shares issued of RMB1,450.3 million, and (ii) proceeds from bank loans of RMB286.8 million, partially offset by repayment of bank loans of RMB155.9 million.

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WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to the Group, including the estimated net [REDACTED] from the [REDACTED] and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this Document.

INDEBTEDNESS

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

	As of December 31,			As of April 30,
	2022	2023	2024	2025
				(unaudited)
				(RMB in thousands)
Current:				
Lease liabilities	49,128	27,571	15,096	10,758
Bank loans	210,911	421,168	413,900	553,827
Redemption liabilities	5,714,813	6,362,819	7,048,626	7,057,858
Non-current:				
Lease liabilities	14,201	20,048	19,142	20,018
Total	5,989,053	6,831,606	7,496,764	7,642,461

Lease liabilities

See “— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Liabilities — Lease liabilities.”

Bank loans

Our bank loans amounted to RMB210.9 million, RMB421.2 million and RMB413.9 million as of December 31, 2022, 2023 and 2024, respectively. We further recorded RMB553.8 million bank loans as of April 30, 2025, being the most recent practicable date for determining our indebtedness. Substantially all of our bank loans are denominated in RMB and are adjusted according to our operational needs. Our bank loans consist of secured loans, guaranteed by related parties, and unsecured, non-guaranteed loans. Our bank loans as of the above dates were all fixed-rate borrowings and thus we were not subject to interest rate risks associated with these bank loans.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our

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Directors further confirm that we had no defaults in bank and other borrowings or trade and non-trade payables, nor did we breach any covenants (that were not waived) during the Track Record Period and up to March 27, 2025, the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment. As of April 30, 2025, being the most recent practicable date for determining our indebtedness, we had unutilized bank facilities of RMB325.7 million. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2025 and as of the date of this Document.

Redemption liabilities

Our indebtedness also includes redemption liabilities relating to shares held by certain pre-[REDACTED] investors that come with certain special rights, including, among others, pre-emptive rights, rights of first refusal, co-sale rights, drag-along rights, information rights, redemption rights, anti-dilution rights, and appointment rights of observers to the Board. As of December 31, 2022, 2023, 2024 and April 30, 2025, being the most recent practicable date for determining our indebtedness, our redemption liabilities amounted to RMB5,714.8 million, RMB6,362.8 million, RMB7,048.6 million and RMB7,057.9 million, respectively. For details about these special rights, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments — 3. Special Rights of the Pre-[REDACTED] Investors.” For more information about the redemption liabilities including their movements during the Track Record Period, see Note 26 of Accountants’ Report set out in Appendix I to this Document.

As of April 30, 2025, being the most recent practicable date for determining our indebtedness, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits or hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES

Our historical capital expenditures have primarily been related to plant and equipment, fixtures and fittings, land and construction in progress. In 2022, 2023 and 2024, our capital expenditures amounted to RMB36.0 million, RMB48.0 million and RMB102.2 million, respectively.

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

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CONTRACTUAL OBLIGATIONS

We did not have outstanding contractual obligations as of April 30, 2025, being the latest practicable date for determining our indebtedness.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	For the year ended December 31,		
	2022	2023	2024
Overall gross margin ⁽¹⁾	17.7%	30.8%	34.8%
Gross margin for non-domestic markets ⁽¹⁾	42.0%	46.4%	46.5%
Gross margin for warehouse fulfillment AMR solutions ⁽¹⁾	36.6%	39.0%	39.2%
Gross margin for industrial material transport AMR solutions ⁽¹⁾⁽³⁾	18.4%	12.9%	12.1%
Adjusted net margin (non-IFRS measure) ⁽²⁾	(56.5)%	(21.4)%	(3.8)%

Notes:

- (1) Refer to “— Description of Major Components of Our Results of Operations — Gross Profit and Margin.”
- (2) Adjusted net margin (non-IFRS measure) for a given period refers to adjusted net profit/(loss) (non-IFRS measure) as a percentage of total revenue for that period. For a reconciliation of adjusted net profit/(loss) (non-IFRS measure) to profit/(loss) for the year, see “— Non-IFRS Measures.”
- (3) The gross profit margin of sales of our AMR solutions for industrial material transport decreased from 18.4% in 2022 to 12.9% in 2023, and further to 12.1% in 2024, primarily due to intense competition in the industrial logistics sector and weaker pricing power with large enterprise customers, particularly in the lithium battery and new energy industries.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 33 to the Accountants’ Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 33 to the Accountants’ Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder’s equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

FINANCIAL RISKS DISCLOSURE

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and other receivables. Our exposure to credit risk arising from cash and cash equivalents, bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider to represent low credit risk. Our exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits. For more information about the credit risks to which we are exposed, see Note 31 of the Accountants’ Report included in Appendix I to this Document.

Trade receivables

We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within a period of seven to 180 days from the date of billing.

We have no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. At the end of December 31, 2022, 2023 and 2024, 46%, 45%, and 30% of the total trade receivables was due from our five largest debtors, respectively.

We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases.

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Other receivables

Other receivables include deposits, staff advance, tax reimbursement for export and others. The identified impairment loss of deposits, staff advance tax reimbursement for export were immaterial.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank loans. For more information about our banks loans, see “—Indebtedness — Bank loans.”

Currency risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

The currencies giving rise to this risk are primarily the United States Dollar, Euro, British Pound Sterling, Hong Kong Dollar, South Korean Won, Singapore Dollar, Polish Zloty, Japanese Yen, Australian Dollar, and Canadian Dollar. For more information about our exposure to currency risks, how we manage such risks, and a sensitivity analysis relating to currency risks, see Note 31 of the Accountants’ Report included in Appendix I to this Document.

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. After the Track Record Period and as of the date of this Document, we did not declare any dividends to our Shareholders.

We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Pursuant to the Articles of Association, our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future. Under applicable PRC laws, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory capital reserve funds. As advised by our PRC Legal Adviser, we cannot

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pay dividends to our Shareholders as there is no distributable profits in view of the accumulated losses. Furthermore, in the future, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. For details, see “Risk Factors — Risks Relating to our Business and Industry — There can be no assurance that we will declare and distribute any amount of dividends in the future.” In addition, our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) [REDACTED]-related expenses, comprising professional fees paid to our legal advisers and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] expenses (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED] million, accounting for approximately of [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED] expenses, we expect to pay [REDACTED] expenses of HK\$[REDACTED] million, professional fees for our legal advisers and Reporting Accountants of HK\$[REDACTED] million and other fees and expenses of HK\$[REDACTED] million. An estimated amount of HK\$[REDACTED] million for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], is expected to be expensed through the statement profit or loss and other comprehensive income and the remaining amount of HK\$[REDACTED] million is expected to be recognized directly as a deduction from equity upon the [REDACTED].

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, as of the date of this Document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

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[REDACTED]