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SenseTime Group Inc.

商汤集团股份有限公司

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock Codes: 0020 (HKD Counter) and 80020 (RMB Counter))

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025**

The Board is pleased to announce the consolidated financial results of the Group for the year ended December 31, 2025. The consolidated financial statements for the year ended December 31, 2025 have been audited by the Auditor in accordance with the International Standards on Auditing, and reviewed by the Audit Committee.

KEY HIGHLIGHTS

Financial Summary

	Year ended December 31, 2025		2024		Year-over- year change
	Amount	As a percentage of revenue	Amount	As a percentage of revenue	
Revenue	5,014,640	100.0	3,772,101	100.0	32.9%
Gross Profit	2,056,424	41.0	1,619,697	42.9	27.0%
Loss for the year	(1,782,002)	(35.5)	(4,306,584)	(114.2)	-58.6%
EBITDA	(471,298)	(9.4)	(3,143,053)	(83.3)	-85.0%
Non-IFRS Measures:					
Adjusted EBITDA	(645,442)	(12.9)	(3,116,992)	(82.6)	-79.3%
Adjusted net loss	(1,956,146)	(39.0)	(4,280,523)	(113.5)	-54.3%

BUSINESS REVIEW AND OUTLOOK

OVERALL PERFORMANCE

We firmly believe that the native multimodal large models, and in particular cross-modal knowledge fusion, represent a highly efficient path to breaking through the current upper limit of intelligence. SenseTime is committed to developing a new generation of SenseNova multimodal large models under an innovative architecture, with the aim of breaking down barriers between understanding and generation to deeply empower Agentic AI applications. In 2025, through the synergistic “three-in-one” strategy of “computing infrastructure – large model R&D – large model applications”, we achieved full resonance and deliverables between fundamental technological innovation and commercial closed-loop.

In terms of original innovation,

- In 2025, SenseTime continuously rolled out industry-leading multimodal large models, a technical roadmap we adhered to for many years. We deeply integrated multimodality with advanced reasoning and Agent capabilities, and pioneered interleaved image-text chain-of-thought, which has propelled our multimodal models to top rankings in authoritative benchmark evaluations repeatedly.
- We recognized that the prevailing multimodal model architectures have obvious limitations in further breaking the upper limit of intelligence. In response, SenseTime unveiled and open-sourced the NEO SenseNova architecture, our next-generation native multimodal architecture, in the fourth quarter of 2025. Evolving beyond the mainstream “encoder-connector-LLM hub” splicing architecture, we achieved the fundamental unification of “left-brain (logical intelligence) + right-brain (spatial intelligence)”, equipping it with complex analytical and decision-making capabilities to understand the physical world. NEO also delivers extraordinary learning efficiency, achieving state-of-the-art performance with only one tenth of the data and computing power required by comparable models, redefining efficiency frontiers and marks the arrival of the new era for multimodal “native architecture”.
- In the fourth quarter, we released a series of achievements on multimodality. In November, we released and open-sourced the SenseNova-SI Spatial Intelligence Model. In a comprehensive evaluation integrating several internationally authoritative spatial intelligence metrics, the SenseNova-SI-1.3 series demonstrated outstanding performance and ranked first globally among peer models (as of Feb 2026). Its overall performance outperformed Gemini-3-Pro and Cambrian-S across multiple authoritative benchmark tests. It also tops the ranking in HuggingFace in terms of download volume. In December, we jointly released and open-sourced the world model Kairos-SenseNova with ecosystem enterprises, becoming the first open-source embodied native world model to achieve integrated “multimodal understanding – generation – prediction”.
- We are expected to launch a new foundational model based on the second-generation NEO architecture in Q2 this year, pioneering the validation of a new “Scaling Law” for unified understanding and generation in native multimodal architecture, with expectations to deliver a further exponential leap in efficiency and cost-effectiveness to broadly empower Agentic AI applications.

In terms of the commercial closed loop,

- **Revenue Hits Record High, Maintaining Leadership Scale:** For the full year of 2025, the Group's total revenue increased by 32.9% year-on-year, reaching RMB5,014.6 million, being the fastest growth in three years.
- **Established the Trend of Consistently Significant Narrowing Losses:** Net loss of the Group narrowed by 58.6% year-on-year to RMB1,782.0 million, and adjusted net loss narrowed by 54.3% year-on-year to RMB1,956.1 million, achieving four consecutive half-year periods of EBITDA accelerating loss reduction; EBITDA in the second half of 2025 was RMB376.4 million, turning positive for the first time since listing.
- **Enhanced Capital Efficiency, Robust Cash Flow:** Trade receivables collection increased by 5.4% year-on-year to RMB4,870.9 million, hitting a record high; cash conversion cycle (CCC) significantly improved from 228 days as at the end of 2024 to 129 days as at the end of 2025; and the Group's operating cash flow achieved a positive net inflow for the first time since its listing in the second half of 2025.

Through organizational restructuring and ecosystem synergy under the "1+X" strategy, we are moving forward with a leaner, more agile posture. Backed by our generational leadership in integrated multimodality and Spatial Intelligence, we are securing pivotal strategic position in the Agent-Native and Physical AI eras.

BUSINESS SEGMENT PERFORMANCE

Generative AI

Large Model R&D: We have established a leading position with cutting-edge technologies in multi-modal large model for our proprietary architecture

In 2025, SenseTime continued to invest in R&D of cutting-edge technologies, comprehensively establishing its leading position in the domestic multimodal large model sector. The SenseNova series of large models continuously raised the ceiling for multimodal reasoning, with the SenseNova-SI Spatial Intelligence Model being the first to break down boundaries between the virtual and the real, ultimately culminating in the release of the new NEO architecture, which fundamentally reshaped the underlying logic of native multimodality. Collectively, these breakthroughs not only redefined model inference efficiency and training paradigms, but also marked SenseTime's entry into a new era in its pursuit of multimodal integration.

1. *SenseNova Multimodal Large Model Series*

In April 2025, the SenseNova V6 became China’s first native multimodal general-purpose model integrating language and vision, topping both SuperCLUE (language) and OpenCompass (multimodal) benchmarks with one single model.

SenseNova V6.5 launched in July 2025, achieving early fusion at the encoder level, reducing the visual encoder to 1B parameters and improving cost-performance by three-fold. Meanwhile, it spearheaded commercial-grade interleaved text-image reasoning in China and integrated imagistic thinking into the large model reasoning process. SenseNova V6.5 secured its leading position in China in SuperCLUE Benchmark in December 2025, and achieved the highest score nationwide in visual reasoning, and took the lead in seven sub-tasks including scientific reasoning, logical reasoning and code design.

Building on such foundation, we further launched an agent that combines visual reasoning with deep search, and open-sourced SenseNova-MARS in Jan 2026. It outperformed Gemini-3-Pro and GPT-5.2 in multimodal searching and reasoning benchmarks, becoming the first Agentic VLM model to support deep fusion of dynamic visual reasoning and image/text search. Such achievement represents a leading international level in the field of autonomous intelligent agents and has already begun commercial deployment in city-level application scenarios.

2. *SenseNova-SI Spatial Intelligence Model Series*

Building on our long-standing expertise in Computer Vision, we systematically built a spatial intelligence framework, which seeks to break down boundaries between the digital world and physical world, empowering application scenarios such as embodied intelligence and autonomous driving. In Nov 2025, we released and open-sourced the SenseNova-SI Spatial Intelligence Model. In a comprehensive evaluation integrating several internationally authoritative spatial intelligence metrics, SenseNova-SI-1.3 demonstrated outstanding performance and ranked first globally among peer models (as of Feb 2026). Its overall performance outperformed Gemini-3-Pro and Cambrian-S across multiple authoritative benchmark tests. It also tops the ranking in HuggingFace in terms of download volume. In December, we jointly released and open-sourced the Kaiwu world model Kairos-SenseNova with ecosystem enterprises, becoming the first open-source embodied native world model to achieve integrated “multimodal understanding – generation – prediction”, in the globally recognised Embodied Intelligence Benchmark, Kairos 3.0-4B outperformed all other models across the board. In the A800 GPU Benchmark, thanks to its model capabilities and inference tools, Kairos 3.0-4B achieved an inference speed seventy-two times faster than Cosmos 2.5, setting a new global performance record for embodied world models and fully demonstrating its cutting-edge technical prowess.

3. *Launched the Integrated Multimodal Model Architecture – NEO*

In December 2025, SenseTime unveiled and open-sourced NEO, an entirely new native multimodal model architecture. As the industry’s first commercially-viable native multimodal architecture (Native VLM), NEO evolved beyond the mainstream “encoder-connector-LLM hub” splicing architecture. Designed from first principles, NEO features three core innovations: Native Embedding, Native RoPE, Native Multi-head Attention, to achieve the fusion of textual and visual information at the core level. NEO also delivers extraordinary learning efficiency, it achieves state-of-the-art performance comparable to peer models of similar scale in the industry with only one-tenth the training data and computing power.

We will launch a new model based on the second-generation NEO architecture in the second quarter of 2026, taking the lead in the industry in validating a new “Scaling Law” under the native multimodal architecture that deeply unifies understanding and generation. We expect this model to play a significant role in areas such as full-modality reasoning, perception and generative interactive creation, and spatial intelligence. Leveraging its powerful visual reasoning capabilities, it will significantly enhance the ability of agents to process multimodal information including images, videos, documents and webpages, enabling agents to handle complex scenario tasks more efficiently and deeply empowering agent AI and embodied intelligence applications.

Large Model Applications: Penetrating High-Value Scenarios and Securing Strategic Positions in Vertical Applications

By deeply understanding industry demands and continuously upgrading product capabilities, we have established leadership positions across multiple high-value large-model application segments. Thanks to our outstanding market performance, SenseTime’s Little Raccoon, Kapi Camera, and Kapi Accounting have been prominently featured on the “AI Efficiency” and “AI Entertainment/Application” lists of the authoritative tech media QuantumBit’s “2025 Flagship AI 100” rankings.

1. *High-Value Productivity Scenarios*

We leverage a comprehensive framework combining task complexity and fault tolerance to unlock the closed-loop value of agents across strategic scenarios such as office, education, finance, marketing and content generation:

- In general office scenarios, SenseTime Raccoon has served over 15 million individual users and thousands of enterprise customers. In 2025, the Raccoon series recorded a seven-fold increase in monthly active users (MAUs), fully validating strong market appeal and acceptance. In product evolution, we have realized processing of million-scale data in seconds and autonomous generation of high-quality, editable PPT documents. Our enterprise-grade data analytics solution delivers 95% analysis accuracy and reduces analysis duration by 90%, greatly improving office efficiency.

- In the e-commerce marketing sector, we now cover the entire e-commerce workflow. AI is no longer a mere “chat bot”, but becomes the “hands” to manage backends and execute tasks, enabling end-to-end autonomous implementation from decision-making to execution. For example, we have formed an in-depth strategic cooperation with SMZDM, helping it improve store operation efficiency by twenty times, live broadcast operation efficiency by six times, traffic placement efficiency by five times, and real-time monitoring efficiency by three times.
- In content creation, SenseTime launched Seko in 2025, the industry’s first full-process short drama creation agent integrating scripting and production. It directly generates and creates single episode up to three minutes long and can continuously generate a hundred episodes. Seko quickly attracted over 300,000 creators and reached 100,000 monthly active users (MAUs) within just a few months from launch. The live-action short drama Wan Xin Ji, powered by Seko, topped the Douyin AI Short Drama Chart upon its release in October 2025, becoming a phenomenal hit.
- In the financial sector, centering on the “Financial Intelligent Decision-Making Platform” as our core delivery vehicle, and through a differentiated model of “standardized products + ecosystem-driven delivery”, we have successfully addressed the industry’s pain points of heavy reliance on labor and limited scalability, while achieving low-cost monetization by leveraging our domestic adaptation advantages. In the banking sector, we have successfully penetrated client scenarios through the “Frontier Deployment Engineer” (FDE) model, achieving rapid revenue expansion across institutions such as Ping An Bank and Bank of Ningbo. In the insurance sector, we entered the trillion-RMB claims market in 2025, using it as an entry point to advance closed-loop industry exploration across underwriting and pricing, marketing and services, as well as healthcare.
- In empowering intelligent terminals, we leverage the core strengths of the “SenseNova” large model in full-modality interaction, low latency and long memory to drive the deep integration of multimodal large models into various terminal hardware, serving as interaction nodes between AI and the physical world. At the same time, we have enabled “pan-terminal hardware” such as smartphones, AI glasses, in-vehicle interaction systems and embodied intelligence, with customers including Xiaomi, BYD and Transsion.

2. *AI-Native Consumer APPs for Young Users*

In 2025, SenseTime made progress in exploring a new generation of AI-native consumer applications, for example, the Kapi product series successfully accumulated users reaching the tens of millions scale, validating the explosive growth potential of AI-native applications.

Kapi Camera, the industry’s first AI camera assistant built on multimodal large models. As a globally launched original Chinese product, it has topped the free charts on App Stores in multiple countries worldwide. As an AI financial assistant for young people, Kapi Budgeting saw its user base grow rapidly in 2025. Its T+1 retention rate steady at 70% – an industry-leading level – making it a benchmark for the seamless integration of SenseTime’s AI technologies into daily life. Both products were selected for the QbitAI 2025 AI 100 Flagship Products List, among which Kapi Camera ranked among Quantum Bit’s Top 10 Newly Added Downloaded Apps in the “AI Entertainment & Lifestyle” category.

SenseCore AI Infrastructure: Dual Engines of Capability Building and Scenario-based Deployment Forge a Solid Foundation for AI Productivity

As the solid foundation of our “Infrastructure – Model – Application” three-in-one strategy, SenseCore achieved a profound transition from technological strengths to an industrial closed loop in 2025. Through in-depth coordination between underlying computing power and algorithm R&D, it supported nearly one million model R&D tasks throughout the year. In the China Full-Stack AI Cloud Service Market Report H1 2025 released by Frost & Sullivan and LeadLeo Research Institute, SenseCore ranked among the top 4 in China’s full-stack AI cloud service market and ranked first among native AI cloud vendors, continuing to lead the native AI cloud vendor sector.

1. Advancing Infrastructure Capability to Upgrade the Computing Power Foundation from “Available” to “Effective”

SenseCore has unlocked the full chain from underlying hardware to top-level applications and from software stacks to model adaptation, accelerating the formation of a positive cycle in the AI industry:

- **In-depth hardware-software co-optimization for differentiated advantages:** In capability building, the core strength of SenseCore lies in its high-level optimization for hardware and software for large model R&D. The in-depth linkage of “computing power, model and application” forms our most robust technological moat. While enabling continuous breakthroughs and generational leadership in model development, it provides performance assurances and efficiency for upper-layer applications. Taking the LightX2V World Model Inference System as an example, leveraging cutting-edge technologies including step distillation and extreme quantization, we took the lead in realizing real-time video generation for physical world simulation. Amid chip process constraints, we also outperformed overseas top chips on domestic hardware. With its exceptional computing efficiency, the system has been officially recommended by various leading developers such as Alibaba and Tencent. Its open-source model has been downloaded over ten million times on HuggingFace, consistently ranking among the top ten globally (on par with OpenAI gpt-oss).
- **Domestic ecosystem collaboration and model closed loop:** We partnered with over a dozen of chip suppliers including Huawei Ascend, Hygon and Cambricon to launch the “SenseCore Computing Power Mall”, enabling flexible combination and allocation of diverse computing resources, platform tools and industry model services. SenseCore took the lead in completing full adaptation to the Ascend 384 super-node, possessing end-to-end delivery capabilities from liquid-cooled clusters to AI platforms. Kaiwu Kairos-SenseNova, a landmark domestic world model, has realized full-process training on domestic computing clusters, becoming the first world model to generate dynamic scenes in real time on the domestic chip ecosystem.

- **Global export of expertise:** SenseCore has translated its leading domestic intelligent computing expertise into global competitiveness by launching China’s first overseas domestic computing cluster in Saudi Arabia. By exporting our highly adaptable software stack, this project has validated our exceptional delivery capabilities in heterogeneous environments and the commercial potential of our asset-light global expansion model.

Since 2025, SenseCore has secured multiple authoritative certifications in safety and compliance, platform capabilities and computing performance, further consolidating its industry-leading position. In February 2026, its native AI cloud platform was awarded the “Excellent Level” certification in the Software Supply Chain Security Capability Assessment by the Ministry of Industry and Information Technology (MIIT), becoming one of the first enterprises nationwide to receive this honor. In January 2026, in the authoritative test of “Computing-Model-Application Integration – Computing Platform Service Capability” jointly conducted by the China Academy of Information and Communications Technology (CAICT) and China Telecommunication Technology Labs (CTTL), the platform received the industry’s first “5A Excellence Level” certification. In the 2025 China Large Model Inference Computing Power Market Analysis Report released by IDC in August 2025, SenseCore achieved full marks in all core dimensions, including “performance optimization”, “cloud-on-premise integration” and “large model training and inference”.

2. *Scenario-based Solutions Bridge the “Last Mile” of AI Commercialization*

Leveraging our end-to-end capabilities in “computing power – platform – solutions – services”, we have built a strong industrial cluster advantage in key sectors such as cutting-edge industrial R&D, AI4S (AI for Science), internet, interactive video content generation, embodied intelligence, smart hardware, and industrial intelligence, as part of our implementation of the national “AI+” initiative. SenseCore has become a core partner for numerous leading domestic research institutions, internet technology giants, top-tier Pan-entertainment companies, embodied intelligence robotics firms, and first-tier large-model unicorns.

3. *Significantly Reducing Energy Consumption Costs by Pioneering the “Computing Power Synergy Large Model × Energy Dispatch Engine”*

As of the release of this result announcement, the total operational computing scale of SenseCore has reached 40,400 PetaFLOPS (FP16). While pursuing ultimate computing efficiency, we actively respond to the national call for “computing-power synergy”. With the support of CATL, we have developed the world’s first AI intelligent system to achieve full-chain integration of “computing power management – IDC operation – energy storage systems”. By leveraging large models to analyze computing task data, the system can accurately predict power load and dynamically generate the optimal energy dispatch strategy. We estimate that the system will deliver a 7% reduction in electricity costs and cut carbon dioxide emissions by over 4,000 tonnes. This practice not only sets a technological benchmark for green computing in the industry, but also provides a replicable and verifiable SenseTime solution for low-carbon operation of large-scale intelligent computing centers.

Computer Vision

After years of strategic business optimization, the Group's Computer Vision has successfully broken through the boundaries of traditional "perceptual intelligence" and been fully upgraded into a spatial intelligence and visual decision-making hub – powered by multimodal large models as its core engine – that deeply understands and reshapes interactions with the physical world. This marks that SenseTime Computer Vision business is moving from the technology investment phase into a period of large-scale commercial returns, becoming a solid pillar driving the Group's revenue growth and cash flow improvement.

- **Global leadership:** SenseTime has ranked first in China's computer vision market share for 9 consecutive years. Recognized for its strong global footprint, the Company was named a "Flagship Brand" in the 2025 Forbes China Go-International Series Selection. Customers from Southeast Asia, Northeast Asia and Middle East continued to repurchase our products and services, while new customers from South America and Europe started to pay more attention to our products, validating the strong influence of our brand and the adaptability of our products across various markets.
- **Upgrade of SenseFoundry Platform:** Building on more than a decade of expertise and technical heritage, the Computer Vision business has unlocked its second growth curve by redefining its SenseFoundry Platform. We have established a new multimodal algorithm production system centered on "integrating general and specialty capabilities, and unifying skills training and multimodal large model". With multimodal large model agents as the core, it integrates inference scheduling with on-site model training. This system uses large models to understand complex long-tail scenarios and perform progressive reasoning, while small models execute specific tasks efficiently. It fundamentally solves the classic trade-off in traditional AI deployment between computing cost and accuracy. The share of projects adopting multimodal and agent capabilities jumped from nearly 0% in 2024 to around 60% in 2025.

X Businesses

In 2025, the Group firmly implemented its "1+X" strategy. Through strategic restructuring of vertical businesses and market-oriented incentive mechanisms, we successfully unlocked asset value and operational vitality of our ecosystem enterprises. We have established a highly efficient collaborative system in which the "mothership (Group)" provides the foundational platform, while the sub-vessels (ecosystem) compete in targeted sectors, realizing a strategic shift from standalone business growth to multiplied ecosystem value.

- **Continuous expansion and diversification of the innovation ecosystem:** Backed by the Group's foundational enablement in large models and spatial intelligence, we have built one of China's most dynamic AI ecosystem matrices, forming a complete closed loop covering upstream core components to downstream vertical applications, including: intelligent driving with cutting-edge world model capabilities and mass-production delivery, high-performance inference GPUs, edge AI chips empowering universal intelligent connectivity, a pioneer in the new category of home AI robots, smart healthcare and smart retail focused on industrial digital transformation, and ACE Robotics representing frontier breakthroughs in embodied intelligence. This diversified portfolio allows SenseTime to fully capture growth potential across all sectors where AI penetrates physical spaces and deeply integrates with the real economy.

- **Market-oriented financing validates the growth resilience of “sub-vessels”:** Ecosystem enterprises incubated by the Group have achieved smooth progress in private market financing, gaining strong recognition from external investors, including internet industry leaders, top-tier venture capital firms and industrial funds. Leveraging the computing infrastructure and foundational models provided by the Group, these ecosystem entities have drastically shortened the cycle from technology R&D to large-scale commercial deployment.

STRATEGIC OUTLOOK

Looking ahead to 2026, the global AI industry will enter its critical stage of development and competition. Rising intelligence density and extreme optimization of unit intelligence costs will further drive an exponential boom in generative AI. SenseTime is fully prepared to prove its strength in this decisive moment with an even more focused business portfolio and a leaner organizational structure.

1. Continued commitment to the native multimodal path to define new heights of intelligence: We will continue to deepen our native multimodal architecture and establish our global leadership in integrated native multimodal large models and spatial intelligence, breaking through limits of artificial intelligence via more efficient pathways, thereby empowering AI systems to their full potential.
2. Capturing the wave of industrial intelligent upgrade in the Agent-native era leveraging our native multimodal capabilities: We firmly believe in the trend of AI evolving from a “productivity tool” to “productivity” itself and will deepen our presence in vertical sectors with a high penetration rate of intelligent agents, including general office, education and marketing. Meanwhile, we will further explore differentiated experiences for a new generation of AI-native applications, achieving explosive growth in both user scale and commercial value.
3. Extreme optimization of unit intelligence costs and full promotion of domestic substitution: Building on the synergistic advantage of the three-in-one “computing power – model – application” strategy, we will continue to reduce inference costs for large models, aiming to make exceptional cost-effectiveness our most solid competitive barrier.
4. Computer Vision: We will consolidate our “profit formula” of CV2.0, and drive large-scale business expansion. At the same time, we will maintain dual engines at home and abroad, and establish the “SenseTime Solution” as a global benchmark for the smart industry.
5. Continuously unlocking ecosystem value from the “1+X” strategy: We will further refine the “mothership + sub-vessels” cluster collaboration model, keep empowering ecosystem entities through synergy, and capture value-added dividends from the intelligent transformation boom across vertical industries.

ENVIRONMENT, SOCIAL, AND GOVERNANCE

In 2025, amid the rapid evolution of artificial intelligence, SenseTime Group placed sustainable development and responsible innovation at its core. We systematically addressed the challenges brought by large models in terms of safety, environmental protection and social-economic impact, committing to building a trustworthy, green and inclusive technological future. Recognized for its outstanding ESG practices, SenseTime was named the sole representative enterprise from the AI industry on the “2024-2025 Forbes China Sustainable Innovation and Development Enterprises” list.

Environmental Protection

In response to the computing power and energy consumption challenges arising from large model development, we drove green transformation through technological innovation. During the year, we became one of the first companies in China to achieve an industrial-level closed loop spanning from “computing power scheduling” to “energy storage and power conservation”. The Computing-Power Synergy Platform deployed at the SenseTime Lingang AIDC deeply integrates energy large models with our partners’ energy storage technologies, improving the energy efficiency of AI infrastructure. The proportion of renewable energy in use has increased to 5.7%, successfully validating a feasible pathway for the coordination of high-performance computing and sustainable development. In addition, we applied AI technologies to broader environmental fields such as biodiversity monitoring, and continued to leverage technology to protect natural ecosystems in the Red Sea region of the Middle East.

Large Model Technology and Social Development

SenseTime advances the research and application of technology guided by the belief that “technology should help people jointly accomplish goals beyond individual capacity, rather than merely replacing human roles”. We firmly believe that only when technology embodies humanity can innovation truly deliver public welfare. To this end, we have systematically provided public-benefit and standardized training on AI tools across society, supported the open sharing of high-quality educational resources, and launched targeted training programs for different groups. These efforts help workers acquire AI skills and promote the diversified development of employment patterns. Meanwhile, we integrate safety and trustworthiness into the entire process of technology R&D and application, establishing an ethical review mechanism covering the full lifecycle of models. We continue to build a more friendly and accessible environment, helping the elderly, teenagers and other groups better access and use artificial intelligence, so that the care of technology reaches every corner of society.

Technology Inclusion and Global Sharing

SenseTime’s intelligent chest CT analysis system has been continuously deployed in Southeast Asia. As the only medical case selected, it was included in the opening white paper of the 2025 World Artificial Intelligence Conference (WAIC), setting an example for AI in advancing global healthcare cooperation. In Saudi Arabia, SenseTime MEA has actively participated in the development of local AI education and talent ecosystems, deeply integrating with the national education system to create a replicable and sustainable model for artificial intelligence talent cultivation. Furthermore, SenseTime has actively engaged in the international governance of AI ethics. We provided expert input during the drafting of key documents including Indonesia’s national artificial intelligence strategic roadmap and ethical governance guidelines, sharing our practical experience in AI ethics and governance.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2025 compared to Year ended December 31, 2024

The following table sets forth the comparative figures for the Years ended December 31, 2025 and 2024:

	Year ended December 31	
	2025	2024
	RMB'000	RMB'000
Revenue	5,014,640	3,772,101
Cost of sales	(2,958,216)	(2,152,404)
Gross profit	2,056,424	1,619,697
Selling expenses	(569,206)	(654,693)
Administrative expenses	(1,225,759)	(1,463,598)
Research and development expenses	(3,775,359)	(4,131,884)
Net impairment losses on financial assets and contract assets	(286,782)	(780,956)
Other income	431,680	343,351
Other gains – net	1,917,144	538,829
Operating loss	(1,451,858)	(4,529,254)
Finance income	258,007	449,010
Finance cost	(201,251)	(179,932)
Finance income – net	56,756	269,078
Share of losses of investments accounted for using the equity method	(221,495)	(4,376)
Fair value losses of preferred share	(43,005)	(35,114)
Loss before income tax	(1,659,602)	(4,299,666)
Income tax expenses	(122,400)	(6,918)
Loss for the year	(1,782,002)	(4,306,584)
Loss is attributable to:		
Equity holders of the Company	(1,765,929)	(4,278,383)
Non-controlling interests	(16,073)	(28,201)
	(1,782,002)	(4,306,584)
Non-IFRS measures:		
Adjusted EBITDA	(645,442)	(3,116,992)
Adjusted net losses	(1,956,146)	(4,280,523)

Revenue

Our revenue increased by 32.9% to RMB5,014.6 million in 2025, compared to RMB3,772.1 million in 2024, primarily driven by continued expansion of Generative AI. The following table sets out a breakdown of our revenue streams in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31			
	2025		2024	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Generative AI	3,629.5	72.4	2,404.0	63.7
Computer Vision	1,083.1	21.6	1,047.1	27.8
X Businesses	302.0	6.0	321.0	8.5
Total	<u>5,014.6</u>	<u>100.0</u>	<u>3,772.1</u>	<u>100.0</u>

Our Generative AI revenue increased by 51.0% to RMB3,629.5 million in 2025, compared to RMB2,404.0 million in 2024, driven by exponentially growing demand for generative AI model training, fine-tuning, and inference. This growth was further underpinned by integrated industrial solutions that facilitate the joint commercialization of computing platforms, models, and applications, thereby fostering replicable best practices across industries and contributing to sustained overall revenue growth.

Our Computer Vision revenue increased by 3.4% to RMB1,083.1 million in 2025, compared to RMB1,047.1 million in 2024. Benefiting from domestic demand recovery and sustained growth in overseas markets, computer vision is entering a second growth phase through multimodal vision agents. Our year-over-year revenue growth rate for the 2nd half of 2025 reached 20.9%.

Our X Businesses revenue decreased by 5.9% to RMB302.0 million in 2025, compared to RMB321.0 million in 2024. During the 2nd half of 2025, four X Businesses contribute revenue: Autonomous Driving, Smart Healthcare, Home Robotics and Smart Retail. Over time, we would expect our X Business composition to evolve as we incubate more X Businesses or as existing X Businesses attract external investors and become deconsolidated from our financial statements. As a result, year-over-year comparison will become less meaningful going forward for this particular revenue line. The revenue decline in 2025 is primarily attributable to the deconsolidation of Autonomous Driving business in August 2025.

Cost of sales

Our cost of sales increased by 37.4% from RMB2,152.4 million in 2024 to RMB2,958.2 million in 2025. The following table sets out a breakdown of our cost of sales by nature in absolute amounts and as percentages of our cost of sales for the years indicated:

	Year ended December 31			
	2025		2024	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Hardware costs and subcontracting service fees	2,315.2	78.3	1,705.4	79.2
AIDC operation costs	328.6	11.1	124.7	5.8
Employee benefit expenses	42.1	1.4	62.2	2.9
Depreciation and amortization	260.2	8.8	217.3	10.1
Other expenses	12.1	0.4	42.8	2.0
Total	<u>2,958.2</u>	<u>100.0</u>	<u>2,152.4</u>	<u>100.0</u>

The increase in cost of sales was primarily attributable to the increase in hardware costs and subcontracting service fees, whose percentage contribution to total cost of sales has remained largely stable. AIDC-related depreciation and operational costs grew faster than total cost of sales due to our continued expansion of generative AI-related services.

Gross Profit and Gross Margin

Our gross profit increased by 27.0% from RMB1,619.7 million in 2024 to RMB2,056.4 million in 2025, which is largely in line with the increase of revenue. Our gross margin slightly decreased from 42.9% in 2024 to 41.0% in 2025, mainly due to increase of AIDC-related business, whose gross margin has slightly declined from 2024 to 2025.

Research and Development Expenses

Our research and development expenses decreased by 8.6% from RMB4,131.9 million in 2024 to RMB3,775.4 million in 2025, primarily due to the decrease of employee benefit expenses, and partially offset by the increase of server operation and cloud-based service fees.

Selling Expenses

Our selling expenses decreased by 13.1% from RMB654.7 million in 2024 to RMB569.2 million in 2025, primarily due to the decrease of employee benefit expenses.

Administrative Expenses

Our administrative expenses decreased by 16.2% from RMB1,463.6 million in 2024 to RMB1,225.8 million in 2025, primarily due to decrease in employee benefit expenses and depreciation and amortisation.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets decreased by 63.3% from RMB781.0 million in 2024 to RMB286.8 million in 2025 primarily attributable to continuously strengthened collection of accounts receivables and the fact that we have relatively high balance sheet provisions for account receivables.

Other Income

Our other income increased by 25.7% from RMB343.4 million in 2024 to RMB431.7 million in 2025 primarily due to an increase in government grants.

Other Gains – Net

We had net other gains of RMB1,917.1 million in 2025 compared to RMB538.8 million in 2024. The net other gains in 2025 primarily consist of gains on disposal of subsidiaries and associates amounting to RMB1,312.7 million and fair value gains on financial assets at fair value through profit or loss amounting to RMB646.0 million.

Finance Income – Net

Net finance income decreased by 78.9% from RMB269.1 million in 2024 to RMB56.8 million in 2025, mainly attributable to an RMB241.3 million gain from remeasurement of put option liability in prior year.

Fair Value Losses of Preferred Share

Fair value losses of preferred shares increased from RMB35.1 million in 2024 to RMB43.0 million in 2025 resulting from changes in the fair value change of preferred share issued by a subsidiary of the Company.

Income tax expenses

We had income tax expenses of RMB122.4 million in 2025 compared to RMB6.9 million in 2024 primarily attributable to a decrease in deferred income tax assets.

Loss for the year

As a result of the foregoing, we had a loss of RMB1,782.0 million in 2025, compared with a loss of RMB4,306.6 million in 2024. Our significant revenue and gross profit growth, combined with continued focus on improving operational efficiency, contributed to the reduction in losses.

Non-IFRS Measures

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use EBITDA/adjusted EBITDA and adjusted net loss as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and certain impact of financing and investment activities. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the EBITDA/adjusted EBITDA and adjusted net loss 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 you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets out EBITDA/adjusted EBITDA and a reconciliation from loss before income tax for the years to EBITDA/adjusted EBITDA for the years indicated:

	Year ended December 31	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Loss before income tax	(1,659.6)	(4,299.7)
Add:		
Finance income, net	(56.8)	(269.1)
Depreciation and amortization	1,245.1	1,425.7
	<u>(471.3)</u>	<u>(3,143.1)</u>
EBITDA		
Add:		
Fair value losses of preferred share	43.0	35.1
Share-based compensation expenses	292.5	177.7
Fair value gains on financial assets at fair value through profit or loss	(646.0)	(163.0)
Net asset value of investment funds attributable to limited partners	134.6	(27.8)
Professional service fees in connection with equity fundraising	1.8	4.0
	<u>(645.4)</u>	<u>(3,117.0)</u>
Adjusted EBITDA		

The following table reconciles our adjusted net loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the years:

	Year ended December 31	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Net losses for the year	(1,782.0)	(4,306.6)
Add:		
Fair value losses of preferred share	43.0	35.1
Share-based compensation expenses	292.5	177.7
Fair value gains on financial assets at fair value through profit or loss	(646.0)	(163.0)
Net asset value of investment funds attributable to limited partners	134.6	(27.8)
Professional service fees in connection with equity fundraising	1.8	4.0
	<u>(1,956.1)</u>	<u>(4,280.5)</u>
Adjusted net losses		

Trade, Other Receivables and Prepayments

Our trade, other receivables and prepayments decreased from RMB5,068.0 million as of December 31, 2024 to RMB4,304.1 million as of December 31, 2025, which primarily comprise trade receivables and other receivables.

Trade Receivables

The following table sets out a breakdown of our trade receivables as of the dates indicated:

	Year ended December 31	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Trade receivables		
– Due from related parties	368.5	13.9
– Due from third parties	5,526.9	6,959.7
Provision for impairment	(3,384.9)	(4,581.9)
Total	2,510.4	2,391.7

Our net trade receivables increased as of December 31, 2025, compared to that as of December 31, 2024.

Trade receivables' aging analysis based on date of revenue recognition is as follows:

	Year ended December 31	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Up to 6 months	1,896.2	863.4
6 months to 1 year	309.7	278.4
1 to 2 years	235.1	262.5
2 to 3 years	118.7	1,748.2
More than 3 years	3,335.6	3,821.1
	5,895.3	6,973.6

As of December 31, 2025, the long aging of our gross trade receivables over 2 years has improved due to further enhanced collection efforts, compared to that as of December 31, 2024. A significant portion of our historical revenue was derived from Smart City projects, which typically features a long payment cycle as required by the customers' internal financial management and payment approval processes. Although our overall cash collection has maintained a relatively healthy momentum since 2024, cash collections for relatively long outstanding receivables remain challenging, as some of our customers, especially those from or are exposed to the public sector, face budget constraints.

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from capital contribution from shareholders. We had cash and cash equivalents of RMB10,887.1 million and term deposits of RMB2,282.7 million as of December 31, 2025, compared to the balance of RMB8,888.0 million and RMB2,970.5 million as of December 31, 2024.

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

	Year ended December 31	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
Net cash used in operating activities	(301.1)	(3,926.7)
Net cash used in investing activities	(3,506.8)	(2,796.5)
Net cash generated from financing activities	5,620.7	6,259.9
Net increase/(decrease) in cash and cash equivalents	1,812.7	(463.3)
Cash and cash equivalents at the beginning of the year	8,888.0	9,423.5
Exchange changes on cash and cash equivalents	186.4	(72.2)
Cash and cash equivalents at the end of the year	10,887.1	8,888.0

Net Cash Used in Operating Activities

Net cash used in operating activities represents the cash used in our operations plus the income tax paid. Cash used in our operations primarily comprises our loss before income tax adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2025, net cash used in operating activities was RMB301.1 million, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortization, fair value gains on financial assets at fair value through profit or loss, provision for impairment of financial assets and contract assets and gains on disposal of subsidiaries; and (ii) changes in operating assets and liabilities. Net cash used in operating activities decreased significantly in 2025 primarily due to decrease in net loss and improvement in working capital management.

Net Cash Used in Investing Activities

For the year ended December 31, 2025, net cash used in investing activities was RMB3,506.8 million, which was mainly attributable to purchase of property, plant and equipment, net acquisition of investments in financial assets at fair value through profit and loss partially offset by net decrease in investments in term deposits.

Net Cash Generated from Financing Activities

For the year ended December 31, 2025, net cash generated from financing activities was RMB5,620.7 million, which was mainly attributable to net proceeds from placing ordinary shares and capital injection by limited partners of investment fund controlled by the Group.

Borrowings

As of December 31, 2024 and December 31, 2025, we had total borrowings of RMB5,921.8 million and RMB5,724.6 million, respectively. Repayment analysis and the currency denomination of bank borrowings of the Group as at December 31, 2025 are set out in note 14 to the consolidated financial statements.

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

Exposure to Exchange Rate Fluctuation

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in Chinese Mainland, Hong Kong, Japan, Singapore and Middle East. These subsidiaries considered RMB, HKD, JPY, SGD and SAR (Saudi Riyal) as their functional currencies, respectively.

We are primarily exposed to fluctuations in the HKD/RMB, HKD/USD and USD/SGD exchange rates. During the reporting period, we entered into certain foreign exchange forward contracts to hedge our exposure to fluctuations in the USD/RMB exchange rate. These contracts did not qualify for hedge accounting and were fully settled as of December 31, 2025. We will continue to monitor foreign exchange rate movements and will take necessary measures to mitigate the impact of exchange rate fluctuations.

Employees, Training and Remuneration Policies

As at December 31, 2025, the Group had 2,472 employees. The number of employees employed by the Group varies from time to time depending on needs.

The Group formulates the remuneration package for its employees based on the overall remuneration standard in the market, industry practice and the Group's remuneration strategy. In addition to salary, in-house training programmes and employee benefits, employees may receive year-end performance incentives depending on their individual performance, which includes cash incentives or share options.

Use of Proceeds from Placing of Class B Shares under General Mandate

December 2024 Placing

On December 11, 2024, the Company entered into a placing agreement (the “**December 2024 Placing Agreement**”) with China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited and Huatai Financial Holdings (Hong Kong) Limited in relation to the placing of 1,865,000,000 new Class B Shares (the “**December 2024 Placing Shares**”) at HK\$1.50 per Placing Share (the “**December 2024 Placing Price**”) to not less than six placees who and whose ultimate beneficial owner(s) (where applicable) shall be independent third parties (the “**December 2024 Placing**”). All the conditions set out in the December 2024 Placing Agreement were fulfilled and the December 2024 Placing was completed on December 17, 2024, where a total of 1,865,000,000 new Class B Shares, representing approximately 5.12% of the number of the then issued Class B Shares and approximately 5.04% of the number of the then existing issued Shares as enlarged by the allotment and issue of the December 2024 Placing Shares, have been successfully placed to no fewer than six independent placees at the December 2024 Placing Price of HK\$1.50 pursuant to the terms and conditions of the December 2024 Placing Agreement. For details, please refer to the announcements of the Company dated December 11, 2024 and December 17, 2024 respectively.

The Directors considered that the December 2024 Placing represents a suitable financing option for the Company to raise further funding to support the Group’s continuous development and business growth, which is in the interest of the Company and its Shareholders as a whole.

The net proceeds from the December 2024 Placing, after deducting the placing commission and other relevant costs and expenses of the December 2024 Placing, amounted to approximately HK\$2,787.1 million (representing a net issue price of approximately HK\$1.49 per December 2024 Placing Share). The Company intended to use such net proceeds mainly for further enhancing the scale of the Company’s industry leading AI infrastructure – SenseCore, supporting the further development of generative AI including large model research and product development, and for the purpose of general working capital of the Company. As at December 31, 2025, all of such net proceeds had been utilised by the Group. Details of the use of proceeds from the Placing are set out below:

Intended purposes of placing net proceeds	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Actual use of net proceeds during the Reporting Period (Approximately HK\$ million)	Net proceeds unused as of December 31, 2025 (Approximately HK\$ million)	Expected timeline for fully utilising the net proceeds from the Placing
Enhancing the scale of the Company’s industry leading AI infrastructure	35.0	975.5	975.5	–	NA
Supporting the further development of generative AI	30.0	836.1	836.1	–	NA
General working capital	35.0	975.5	975.5	–	NA
Total	100.0	2,787.1	2,787.1	–	

July 2025 Subscription and Placing

On July 23, 2025, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Infini Capital Management Limited (the “**Subscriber**”, who and whose ultimate beneficial owners are independent third parties of the Company), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, a total of 1,666,667,000 new Class B Shares at HK\$1.50 per Subscription Share (the “**Subscription Price**”). In addition, on July 23, 2025, the Company also entered into a placing agreement (the “**Placing Agreement**”) with Guotai Junan Securities (Hong Kong) Limited and CLSA Limited (collectively, the “**Placing Agents**”), pursuant to which the Placing Agents have agreed to, amongst others, assist in completing the transactions contemplated under the Subscription Agreement. All the conditions set out in the Subscription Agreement and the Placing Agreement were fulfilled and the completion of the Subscription Agreement and the Placing Agreement took place on July 31, 2025, where a total of 1,666,667,000 Subscription Shares, representing approximately 4.38% of the number of the then issued Class B Shares and approximately 4.31% of the number of the then existing issued Shares as enlarged by the allotment and issue of the Subscription Shares, were issued by the Company at the Subscription Price of HK\$1.50 pursuant to the terms and conditions of the Subscription Agreement. For details, please refer to the announcements of the Company dated July 24, 2025 and July 31, 2025 respectively.

The net proceeds from the Subscription, after deducting the Subscription commission and other relevant costs and expenses of the Subscription, amounted to approximately HK\$2,498 million. The Company intended to use such net proceeds mainly for supporting the development of the Company’s core business, which includes the building of an industry-leading AI Cloud and continuously expanding the scale and scenario coverage of the Company’s AI infrastructure – SenseCore; supporting the R&D of Generative AI, as well as productization of the Company’s Multimodality Large Model, with a focus on advancing the commercial application in vertical scenarios such as smart devices; exploring the integration and application of AI in innovative fields, including but not limited to, exploring areas such as embodied intelligence robotics, blockchain, real-world assets (RWA), digital assets and stablecoins, independently or in collaboration with strategic partners, as well as obtaining relevant qualifications, and to applying AI large models in risk control and settlement in digital finance; and for the purpose of general working capital of the Company. As at December 31, 2025, all of such net proceeds had been utilised by the Group. Details of the use of proceeds from the Subscription are set out below:

Intended purposes of placing net proceeds	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Actual use of net proceeds during the Reporting Period (Approximately HK\$ million)	Net proceeds unused as of December 31, 2025 (Approximately HK\$ million)	Expected timeline for fully utilising the net proceeds from the Subscription
Supporting the development of the Company’s core business	30.0	749.4	749.4	–	NA
Supporting the R&D of Generative AI, productization of the Company’s Multimodality Large Model	30.0	749.4	749.4	–	NA
Exploring the integration and application of AI in innovative fields	20.0	499.6	499.6	–	NA
General working capital	20.0	499.6	499.6	–	NA
Total	100.0	2,498.0	2,498.0	–	

December 2025 Placing

On December 18, 2025, the Company entered into a placing agreement (the “**December 2025 Placing Agreement**”) with Guotai Junan Securities (Hong Kong) Limited and CMB International Capital Limited in relation to the placing of 1,750,000,000 new Class B Shares (the “**December 2025 Placing Shares**”) at HK\$1.80 per December 2025 Placing Share (the “**December 2025 Placing Price**”) to not less than six placees who and whose ultimate beneficial owner(s) (where applicable) shall be independent third parties (the “**December 2025 Placing**”). All the conditions set out in the December 2025 Placing Agreement were fulfilled and the December 2025 Placing was completed on December 29, 2025, where a total of 1,750,000,000 new Class B Shares (with an aggregate nominal value of US\$43.75), representing approximately 4.40% of the number of the then issued Class B Shares and approximately 4.33% of the number of the then existing issued Shares as enlarged by the allotment and issue of such placing shares, have been successfully placed to no fewer than six independent placees (which were individual, professional, corporate and/or institutional investors) at the placing price of HK\$1.80 pursuant to the terms and conditions of the December 2025 Placing Agreement. The closing price of the Class B Share as quoted on the Stock Exchange on December 17, 2025, being the date on which the December 2025 Placing Price was fixed, was HK\$1.97. For details, please refer to the announcements of the Company dated December 18, 2025 and December 29, 2025 respectively.

The Directors considered that the December 2025 Placing represents a suitable financing option for the Company to raise further funding to support the Group’s continuous development and business growth taking into account the then recent market conditions, which is in the interest of the Company and its Shareholders as a whole.

The net proceeds from the December 2025 Placing, after deducting the placing commission and other relevant costs and expenses of the December 2025 Placing, amounted to approximately HK\$3,146 million. The Company intends to use the net proceeds to support its core business development, which includes building an industry-leading AI Cloud and expanding its AI infrastructure (SenseCore) with increased adoption of domestic chips; funding the R&D and commercialization of Generative AI and its Multimodality Large Model; exploring AI integration in innovative vertical fields such as finance, education and marketing, and for general working capital purposes covering operating costs, talent development, branding and sales initiatives. The unutilised proceeds are expected to be fully used by December 31, 2026, except for the portion allocated to core business development which is expected to be fully utilized by June 30, 2026. Details of the use of proceeds are set out as follows:

Intended purposes of placing net proceeds	Planned proportion of the net proceeds	Planned use of the net proceeds	Actual use of net proceeds during the Reporting Period	Net proceeds unused as of December 31, 2025	Expected timeline for fully utilising the net proceeds from the Placing
	<i>(%)</i>	<i>(Approximately HK\$ million)</i>	<i>(Approximately HK\$ million)</i>	<i>(Approximately HK\$ million)</i>	
Supporting the development of the Company’s core business	30.0	943.7	–	943.7	By June 30, 2026
Supporting the R&D of Generative AI, productization of the Company’s Multimodality Large Model	30.0	943.7	–	943.7	By December 31, 2026

Intended purposes of placing net proceeds	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Actual use of net proceeds during the Reporting Period (Approximately HK\$ million)	Net proceeds unused as of December 31, 2025 (Approximately HK\$ million)	Expected timeline for fully utilising the net proceeds from the Placing
Exploring the integration and application of AI in innovative fields	20.0	629.1	-	629.1	By December 31, 2026
General working capital	20.0	629.1	-	629.1	By December 31, 2026
Total	100.0	3,145.7	-	3,145.7	

Gearing Ratio

As of December 31, 2025, our gearing ratio was -6.9%, which represented a net cash position. Our gearing ratio is calculated as net debt divided by total capital at the end of each financial year. Net debt equals to our total borrowings, lease liabilities and preferred share and other financial liabilities less our cash and cash equivalents. Total capital is calculated as total equity plus net debt.

Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities.

Significant Investments held

As of December 31, 2025, we did not hold any significant investments in the equity interest of other companies.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended December 31, 2025, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of December 31, 2025, we pledged certain buildings and land use rights with carrying amount of RMB4,110.5 million and restricted guarantee deposits amounting to RMB41.4 million for borrowings.

Future Plans for Material Investments and Capital Assets

As of December 31, 2025, we have no specific future plan for material investments and acquisition of capital assets. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

		Year ended 31 December	
	<i>Note</i>	2025	2024
		RMB'000	RMB'000
Revenue	<i>3(a), 4(b)</i>	5,014,640	3,772,101
Cost of sales	<i>5</i>	<u>(2,958,216)</u>	<u>(2,152,404)</u>
Gross profit		2,056,424	1,619,697
Selling expenses	<i>5</i>	(569,206)	(654,693)
Administrative expenses	<i>5</i>	(1,225,759)	(1,463,598)
Research and development expenses	<i>5</i>	(3,775,359)	(4,131,884)
Net impairment losses on financial assets and contract assets		(286,782)	(780,956)
Other income		431,680	343,351
Other gains – net	<i>6</i>	<u>1,917,144</u>	<u>538,829</u>
Operating loss		(1,451,858)	(4,529,254)
Finance income		258,007	449,010
Finance cost		<u>(201,251)</u>	<u>(179,932)</u>
Finance income – net		56,756	269,078
Share of losses of investments accounted for using the equity method		(221,495)	(4,376)
Fair value losses of preferred share		<u>(43,005)</u>	<u>(35,114)</u>
Loss before income tax		(1,659,602)	(4,299,666)
Income tax expenses	<i>7</i>	<u>(122,400)</u>	<u>(6,918)</u>
Loss for the year		<u>(1,782,002)</u>	<u>(4,306,584)</u>
Loss is attributable to:			
Equity holders of the Company		(1,765,929)	(4,278,383)
Non-controlling interests		<u>(16,073)</u>	<u>(28,201)</u>
		<u>(1,782,002)</u>	<u>(4,306,584)</u>
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted loss per share (RMB)	<i>8</i>	<u>(0.05)</u>	<u>(0.13)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<i>Note</i>	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Loss for the year		<u>(1,782,002)</u>	<u>(4,306,584)</u>
Other comprehensive (loss)/income			
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		815,128	(533,931)
Evaluation gains upon transfer from property, plant and equipment to investment properties		3,558	–
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,193,402)	706,707
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss		<u>(4,847)</u>	<u>(7,642)</u>
Other comprehensive (loss)/income for the year, net of taxes		<u>(379,563)</u>	<u>165,134</u>
Total comprehensive loss for the year		<u>(2,161,565)</u>	<u>(4,141,450)</u>
Total comprehensive loss for the year is attributable to:			
Equity holders of the Company		(2,145,652)	(4,109,769)
Non-controlling interests		<u>(15,913)</u>	<u>(31,681)</u>
		<u><u>(2,161,565)</u></u>	<u><u>(4,141,450)</u></u>

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2025

		As at 31 December	
	<i>Note</i>	2025	2024
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	<i>10</i>	5,883,256	7,277,392
Right-of-use assets		282,692	239,470
Investment properties		2,512,134	–
Intangible assets		121,279	238,550
Contract assets	<i>4(d)</i>	15,791	21,386
Investments accounted for using the equity method		1,426,743	702,405
Deferred income tax assets		654,554	743,763
Restricted cash		21,601	51,417
Financial assets at fair value through profit or loss	<i>12</i>	7,510,261	6,363,496
Long-term receivables		35,118	35,303
Other non-current assets		1,658,231	699,557
		20,121,660	16,372,739
Current assets			
Inventories		248,115	452,307
Contract assets	<i>4(d)</i>	3,230	5,717
Trade, other receivables and prepayments	<i>11</i>	4,304,083	5,067,957
Financial assets at fair value through profit or loss	<i>12</i>	571,969	701,087
Derivative financial instrument		3,097	–
Restricted cash		483,707	141,210
Term deposits		2,282,664	2,970,506
Cash and cash equivalents		10,887,050	8,887,988
		18,783,915	18,226,772
Total assets		38,905,575	34,599,511

	<i>Note</i>	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Equity			
Equity attributable to equity holders of the Company			
Share capital		7	6
Other reserves		81,472,449	76,069,902
Currency translation reserves		3,924,983	4,303,417
Accumulated losses		(58,678,480)	(56,912,551)
		<u>26,718,959</u>	<u>23,460,774</u>
Non-controlling interests		<u>341,944</u>	<u>180,931</u>
Total equity		<u><u>27,060,903</u></u>	<u><u>23,641,705</u></u>
Liabilities			
Non-current liabilities			
Borrowings	<i>14</i>	3,710,335	4,681,464
Lease liabilities		176,010	99,259
Deferred income tax liabilities		16,758	16,521
Contract liabilities	<i>4(e)</i>	39,361	54,478
Deferred revenue		209,500	212,087
Other financial liabilities		1,959,550	1,103,866
Long-term payables	<i>13(b)</i>	–	36,190
		<u>6,111,514</u>	<u>6,203,865</u>
Current liabilities			
Borrowings	<i>14</i>	2,014,250	1,240,334
Trade and other payables	<i>13(a)</i>	2,090,358	1,788,754
Lease liabilities		62,358	97,276
Contract liabilities	<i>4(e)</i>	228,914	276,913
Deferred revenue		84,681	142,069
Current income tax liabilities		27,217	3,548
Preferred share liabilities		1,225,380	1,205,047
		<u>5,733,158</u>	<u>4,753,941</u>
Total liabilities		<u><u>11,844,672</u></u>	<u><u>10,957,806</u></u>
Total equity and liabilities		<u><u>38,905,575</u></u>	<u><u>34,599,511</u></u>
Net current assets		<u><u>13,050,757</u></u>	<u><u>13,472,831</u></u>
Total assets less current liabilities		<u><u>33,172,417</u></u>	<u><u>29,845,570</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Equity attributable to equity holders of the Company					Non-controlling interests	Total equity	
	Note	Share capital	Other reserves	Currency translation reserves	Accumulated losses			Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2025		<u>6</u>	<u>76,069,902</u>	<u>4,303,417</u>	<u>(56,912,551)</u>	<u>23,460,774</u>	<u>180,931</u>	<u>23,641,705</u>
Comprehensive loss								
Loss for the year		-	-	-	(1,765,929)	(1,765,929)	(16,073)	(1,782,002)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss		-	(4,847)	-	-	(4,847)	-	(4,847)
Revaluation gains upon transfer from property, plant and equipment to investment properties		-	3,558	-	-	3,558	-	3,558
Exchange differences on translation of foreign operations		-	-	(378,434)	-	(378,434)	160	(378,274)
Total comprehensive loss		<u>-</u>	<u>(1,289)</u>	<u>(378,434)</u>	<u>(1,765,929)</u>	<u>(2,145,652)</u>	<u>(15,913)</u>	<u>(2,161,565)</u>
Transactions with equity holders								
Placing of ordinary shares		1	5,162,484	-	-	5,162,485	-	5,162,485
Treasury shares issued to employees		-	125,790	-	-	125,790	-	125,790
Transactions with non-controlling interests		-	110,074	-	-	110,074	(110,074)	-
Recognition of financial instruments with preferred rights at amortised cost		-	(287,000)	-	-	(287,000)	287,000	-
Share-based compensation		-	292,488	-	-	292,488	-	292,488
Total transactions with equity holders		<u>1</u>	<u>5,403,836</u>	<u>-</u>	<u>-</u>	<u>5,403,837</u>	<u>176,926</u>	<u>5,580,763</u>
As at 31 December 2025		<u>7</u>	<u>81,472,449</u>	<u>3,924,983</u>	<u>(58,678,480)</u>	<u>26,718,959</u>	<u>341,944</u>	<u>27,060,903</u>

Equity attributable to equity holders of the Company							
<i>Note</i>	Share capital <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Currency translation reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
As at 1 January 2024	5	71,666,422	4,127,161	(52,634,168)	23,159,420	(3,947)	23,155,473
Comprehensive loss							
Loss for the year	-	-	-	(4,278,383)	(4,278,383)	(28,201)	(4,306,584)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	-	(7,642)	-	-	(7,642)	-	(7,642)
Exchange differences on translation of foreign operations	-	-	176,256	-	176,256	(3,480)	172,776
Total comprehensive loss	-	(7,642)	176,256	(4,278,383)	(4,109,769)	(31,681)	(4,141,450)
Transactions with equity holders							
Placing of ordinary shares	1	4,369,166	-	-	4,369,167	-	4,369,167
Treasury shares issued to employees	-	94,319	-	-	94,319	-	94,319
Transactions with non-controlling interests	-	(31,585)	-	-	(31,585)	31,585	-
Recognition of financial instruments with preferred rights at amortised cost	-	(184,974)	-	-	(184,974)	184,974	-
Purchase of ordinary shares of the Company for share award scheme	-	(13,530)	-	-	(13,530)	-	(13,530)
Share-based compensation	-	177,726	-	-	177,726	-	177,726
Total transactions with equity holders	1	4,411,122	-	-	4,411,123	216,559	4,627,682
As at 31 December 2024	6	76,069,902	4,303,417	(56,912,551)	23,460,774	180,931	23,641,705

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

		Year ended 31 December	
	<i>Note</i>	2025	2024
		RMB'000	RMB'000
Cash flows from operating activities			
Cash used in operations		(291,441)	(3,900,712)
Income tax paid		(9,701)	(26,016)
		<u>(301,142)</u>	<u>(3,926,728)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,398,894)	(934,633)
Purchase of intangible assets		(88,789)	(194,144)
Proceeds from disposal of property, plant and equipment and intangible assets		136,259	9,055
Net cash outflow from disposal of subsidiaries		(174,926)	(238,564)
Increase in investments accounted for using the equity method		(55,297)	(16,159)
Dividend and interest received from financial assets at fair value through profit and loss		10,581	8,956
Acquisition of debt and equity investments	12	(1,131,235)	(484,085)
Disposal of debt and equity investments	12	468,270	850,284
Net decrease/(increase) in investments in term deposits		662,726	(1,855,438)
Interest received from banks		251,938	216,434
Acquisition of structured deposits	12	(8,859,000)	(3,529,000)
Disposal of structured deposits	12	9,020,269	3,369,048
Increase in restricted cash for derivative instruments		(351,448)	–
Proceeds from disposal of associates		2,726	1,778
		<u>(3,506,820)</u>	<u>(2,796,468)</u>
Net cash used in from investing activities			

	<i>Note</i>	Year ended 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities			
Proceeds from borrowings		2,249,306	1,837,972
Repayments of borrowings		(2,445,464)	(390,140)
Interest paid		(185,281)	(173,107)
Principal elements of lease payments		(95,679)	(129,258)
Interest elements of lease payments		(10,381)	(8,925)
Capital injection by limited partners of investment fund controlled by the Group		533,000	414,272
Decrease in restricted cash for the issuance of bank borrowings		110,672	163,880
Repurchase of ordinary shares		–	(13,530)
Capital contribution by non-controlling shareholder		287,000	184,974
Net payment of settlement of put option liability		–	(21,330)
Net proceeds from placing of ordinary shares		5,162,485	4,369,167
Proceeds from exercise of restricted shares and share options		14,994	25,899
		<hr/>	<hr/>
Net cash generated from financing activities		5,620,652	6,259,874
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1,812,690	(463,322)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		8,887,988	9,423,495
Effect of foreign exchange rates changes		186,372	(72,185)
		<hr/>	<hr/>
Cash and cash equivalents at end of year		10,887,050	8,887,988
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

SenseTime Group Inc. (the “**Company**”) was incorporated in the Cayman Islands on 15 October 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Vistra (Cayman) Limited, of P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”), including the structured entities (collectively, the “**Group**”), are the sale of advanced artificial intelligence (“**AI**”) software, sale of AI software platform and related services, sale of software-embedded hardware and related services, Artificial Intelligence Data Center (“**AIDC**”) service as well as research and development activities in relation to AI technology mainly in the People’s Republic of China (the “**PRC**”), Northeast Asia, Southeast Asia and other geographical areas.

The Group is a leading AI software company with customers across a broad spectrum of industries.

The Group does not have ultimate holding company and controlling shareholder.

On 30 December 2021, the Company has successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 24 March 2026.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

2.1 Basis of preparation

(a) *Compliance with IFRS Accounting Standards (“IFRS”)*

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (which include all IFRS Accounting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622.

(b) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities which are measured at fair value.

2.2 Changes in accounting policy and disclosures

(a) *Amendments to standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for its financial year commencing 1 January 2025:

IAS 21 (Amendment) Lack of Exchangeability

The adoption of above amended standard did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and amendments to standards not yet adopted

The followings are new standards and amendments that have been issued but are not effective for the year ended December 31, 2025, and have not been early adopted by the Group. The Group plans to adopt these new standards and amendments when they become effective:

Standards and amendments		Effective for accounting periods beginning on or after
IFRS 7 and IFRS 9 (Amendment)	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 7 and IFRS 9 (Amendment)	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Annual Improvements to IFRS	Annual Improvements to IFRS Accounting Standards	January 1, 2026
IFRS 19 and Amendment	Subsidiaries without public accountability: disclosures	January 1, 2027
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027
IAS 21 (Amendment)	Transaction to a Hyperinflationary Presentation Currency	January 1, 2027
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate	To be determined
Amendment to illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosure about Uncertainties in the Financial Statements	To be determined

According to the assessment made by the directors of the Company, these new standards and amendments are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated income statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

(i) Impact on consolidated income statement:

Although the adoption of IFRS 18 will have no impact on the Group's net loss, the Group expects that grouping items of income and expenses in the consolidated income statement into the new categories will impact how operating loss is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating loss:

Foreign exchange differences

Foreign exchange differences currently aggregated in the line item "other gains – net" in operating loss might need to be disaggregated, with some foreign exchange gains or losses presented below operating loss, unless doing so would involve undue cost or effort.

Gain or loss of investments measured at fair value through profit or loss

The gain or loss of investments measured at fair value through profit or loss currently aggregated in the line item “other gains – net” in operating loss and will be presented below operating loss.

(ii) Impact on consolidated balance sheets:

The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.

(iii) Impact on disclosures:

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- For the first annual period of application of IFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3 SEGMENT INFORMATION

The Company develops software and hardware products for different industry verticals and use cases based on the same AI infrastructure platform and model training framework. The technologies and nature of the products of different business lines are substantially similar. The executive directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance did not segregate operating segment financial information and the executive directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

(a) Revenue by geographical

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in four principal geographical areas of the world. The following table shows the Group’s total consolidated revenue by location of the customers for the year ended 31 December 2025:

	Year ended 31 December	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Chinese Mainland	4,621,763	3,201,529
Northeast Asia	105,925	354,337
Southeast Asia	76,698	52,108
Others*	210,254	164,127
	<u>5,014,640</u>	<u>3,772,101</u>

* Other geographical areas mainly represented Hong Kong and Middle East.

(b) Non-current assets by geographical

The total of the non-current assets including property, plant and equipment, right-of-use assets, investment properties and intangible assets as at 31 December 2025, broken down by the location of the assets, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Chinese Mainland	8,567,687	7,588,715
Northeast Asia	32,380	42,673
Southeast Asia	12,463	3,941
Others*	186,831	120,083
	8,799,361	7,755,412

* Other geographical areas mainly represented Hong Kong and Middle East.

4 REVENUE

(a) Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for the year ended 31 December 2025 are listed as below:

	Year ended 31 December	
	2025	2024
Percentage of revenue from the major customers to the total revenue of the Group		
Client A	19.0%	–
Client B	–	12.2%

(b) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue		
– recognised point in time	4,044,227	3,036,401
– recognised over time	970,413	735,700
	5,014,640	3,772,101

(c) During the year ended 31 December 2025, the Group determines revenue should be reported on a gross or net basis based on principle/agent assessment and revenue are primarily reported on a gross basis.

(d) Contract assets

The Group has recognised the following contract assets with customers:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current assets	3,734	6,906
Loss allowance	(504)	(1,189)
	<u>3,230</u>	<u>5,717</u>
Non-current assets	18,045	25,836
Loss allowance	(2,254)	(4,450)
	<u>15,791</u>	<u>21,386</u>
	<u>19,021</u>	<u>27,103</u>

(e) Contract liabilities

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current		
Deferred service fee income	19,472	19,608
Advances from customers	209,442	257,305
	<u>228,914</u>	<u>276,913</u>
Non-current		
Deferred service fee income	<u>39,361</u>	<u>54,478</u>

The addition of contract liabilities was mainly due to the increase of cash payments made upfront by the Group's customers under sales contract. The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the year, recognised during the year ended 31 December 2025 relates to carried-forward contract liabilities:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue recognised that were included in the contract liabilities at the beginning of the year	<u>132,305</u>	<u>123,064</u>

Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from long-term contracts:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	58,833	74,086

Management expects that 33% (2024: 26%) of the transaction price allocated to unsatisfied performance obligations as of 31 December 2025 will be recognised as revenue during the next year. The remaining 67% (2024: 74%) will be recognised over one year.

All other contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 EXPENSES BY NATURE

The expenses charged to cost of sales, selling expenses, administrative expenses and research and development expenses are analysed below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Employee benefit expenses	2,564,256	3,351,243
Hardware costs and project subcontracting service fee	2,315,194	1,705,440
Depreciation and amortisation	1,245,060	1,425,691
Server operation and cloud based service fee	1,249,484	623,715
Professional service and other consulting fee	471,201	590,882
Marketing and travelling expenses	221,655	212,196
Utilities, property management and administrative expenses	203,316	202,472
Data labelling fee	115,223	112,726
Research and development tools and consumables	74,424	62,520
Taxes and surcharges	30,029	41,441
Auditor's remuneration		
– Audit services	9,500	13,990
– Non-audit services	994	737
Other expenses	28,204	59,526
	8,528,540	8,402,579

6 OTHER GAINS – NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss (<i>Note 12</i>)	645,996	162,996
Changes on net asset value of investment funds attributable to limited partners	(134,568)	27,803
Gains on disposal of subsidiaries (<i>i</i>)	1,268,287	242,901
Gains on disposal of associates (<i>ii</i>)	44,395	–
Donations	(3,819)	(2,530)
Fair value gain on investment properties	4,289	–
Net foreign exchange gains	103,613	107,389
Losses on disposal of property, plant and equipment	(35,828)	(3,714)
Gains on early termination of leasing contracts	13,499	1,462
Debt forgiveness	14,324	–
Others	(3,044)	2,522
	<u>1,917,144</u>	<u>538,829</u>

- (i) During the year ended 31 December 2025, the Group disposed its interests in certain subsidiaries to third parties and lost control over these subsidiaries and these subsidiaries became associates of the Group. The Group recognised net gain amounted RMB937,640,000 based on cash consideration of RMB50,000,000, the fair value of the associates amounted RMB823,000,000 on disposal date and the carrying amount of net liabilities of these subsidiaries amounted RMB64,640,000.

During the year ended 31 December 2025, certain subsidiaries of the Group issued new equity interests to third parties and these subsidiaries were no longer controlled by the Group and became associates and joint venture to the Group. The Group recognised net gain amounted RMB330,647,000 on disposal of subsidiaries based on the fair value of associates as at disposal date amounted RMB378,166,000 and the carrying amount of net assets of these subsidiaries amounted RMB47,519,000.

- (ii) During the year ended 31 December 2025, the Group disposed its interests in certain associates to third parties. The Group recognised net gain amounted RMB44,395,000 based on cash consideration of RMB349,175,000, and the carrying amount of these associate amounted RMB304,780,000 on disposal date.

7 INCOME TAX EXPENSES

(i) Cayman Islands

The Company was redomiciled in the Cayman Islands in 2014 as an exempted company with limited liability, and is exempted from Cayman Islands income tax under the current tax laws of the Cayman Islands. In addition, no Cayman Islands withholding tax is imposed upon any payments of dividends.

(ii) British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

(iii) Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% (2024: 8.25%) for assessable profits in the first HKD2 million (2024: HKD2 million) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

(iv) Singapore

Entities incorporated in Singapore are subject to income tax at a rate of 17% for the year ended 31 December 2025 (2024: 17%).

(v) Malaysia

Malaysia income tax rate is 24% for the year ended 31 December 2025 (2024: 24%). In the case that the paid-up capital is Malaysian Ringgit (“MYR”) 2.5 million or less, and the gross income from business is not more than MYR50 million, the income tax rate on the first MYR0.15 million chargeable income is 15%, the income tax rate on the next MYR0.45 million chargeable income is 17% and the part in excess of MYR0.6 million is 24%.

(vi) Saudi Arabia

Enterprises incorporated in Saudi Arabia are subject to income tax rate of 20% for the year ended 31 December 2025 (2024: 20%) on foreign ownership portion.

(vii) The United Arab Emirates

Enterprises incorporated in the United Arab Emirates are subject to UAE corporate tax at a rate of 9% (2024: 9%) on taxable income exceeding AED0.375 million.

(viii) PRC corporate income tax (“CIT”)

The income tax provision of the Group in respect of its operations in Chinese Mainland was subject to statutory tax rate of 25% on the assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

Some of the subsidiaries were qualified as “High and New Technology Enterprises” (“HNTEs”) under the relevant PRC laws and regulations. Accordingly, these entities were entitled to a preferential income tax rate of 15% in 2025.

(ix) PRC Withholding Tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

During the year ended 31 December 2025, no deferred income tax liability on WHT was accrued as at the end of each reporting period because the subsidiaries of the Group were accumulated losses making in these periods (2024: nil).

The Group shall be subject to withholding tax in respect of the taxable income derived from the provision of technical services between the subsidiaries across the countries, the applicable tax rate is 25% applied with a deemed profit rate according to the PRC tax regulation.

The income tax expenses of the Group is analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax	(32,548)	(20,020)
Deferred income tax	(89,852)	13,102
	<hr/>	<hr/>
Income tax expenses	<u>(122,400)</u>	<u>(6,918)</u>

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Loss before tax	(1,659,602)	(4,299,666)
Tax calculated at statutory tax rates applicable to each group entity	441,060	669,983
Tax effects of:		
Super deduction for research and development expenses (a)	117,986	298,779
Income not subject to tax	189,382	302,025
Associates and joint ventures' results reported net of tax	(166,508)	(47,647)
Expenses not deductible for tax purpose (b)	(29,624)	(40,793)
Tax losses for which no deferred income tax asset was recognised (c)	(506,060)	(949,931)
Other temporary difference for which no deferred income tax asset was recognised	(12,362)	(82,387)
Accrued withholding tax	(10,907)	(14,468)
Reversal of previously recognised deferred tax assets for tax losses and temporary differences	(126,716)	(143,713)
Others	(18,651)	1,234
	<hr/>	<hr/>
Tax expenses	<u>(122,400)</u>	<u>(6,918)</u>

The Group has operation mainly in Chinese Mainland, and Hong Kong. It is within the scope of the OECD Pillar Two model rules. As of the reporting date, there is no public announcement in Chinese Mainland. In Hong Kong, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was enacted on 6 June 2025, effectively implementing the Income Inclusion Rule (IIR) and the Hong Kong Minimum Top-up Tax (HKMTT) for fiscal years beginning on or after 1 January 2025. Given the Group's current revenue levels and tax loss position, the Group does not meet the "in-scope MNE group" criteria under the Hong Kong Ordinance. Accordingly, there is no current tax exposure or mandatory notification requirement via the IRD's Pillar Two requirement. The Group continues to apply the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in November 2023.

In addition, since the Pillar Two legislation in Chinese Mainland was not enacted as at the reporting date, and due to the uncertainty of the announcement of the legislation and the complexities in applying the legislation and calculating GloBE income, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

(a) Super deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, for the period from 1 January 2022 to 30 September 2022, enterprises engaging in qualified research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year; for the period from 1 October 2022 to 31 December 2027, enterprises engaging in qualified research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“**Super Deduction**”).

(b) Expenses not deductible for tax purpose

Expenses not deductible for tax purpose include share base payment expenses, business entertainment expenses exceeding threshold, employee commercial insurance expenses, non-deductible donations etc.

(c) Tax losses for which no deferred income tax assets was recognised

The Group only recognised deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2025, the Group did not recognise deferred income tax assets of RMB2,963,244,000 (2024: RMB3,188,508,000). The expiration dates of unused tax losses for which no deferred tax asset has been recognised are as follows:

	Year ended 31 December	
	2025 RMB '000	2024 RMB '000
2026	446,108	448,986
2027	901,166	906,661
2028	1,431,748	1,454,641
2029	1,903,464	2,373,852
2030	1,498,271	1,294,693
2031	992,815	1,469,986
2032	1,791,330	2,407,531
2033	1,739,205	2,385,798
2034	1,753,731	3,247,401
2035	1,568,194	–
Indefinitely	3,103,895	2,478,759
	17,129,927	18,468,308

8 LOSS PER SHARE

Basic

The basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) issued during the year ended 31 December 2025:

	Year ended 31 December	
	2025	2024
Loss attributable to equity holders of the Company (RMB'000)	(1,765,929)	(4,278,383)
Weighted average number of ordinary shares in issue (thousand)	<u>37,090,891</u>	<u>33,371,312</u>
Basic loss per share (expressed in RMB per share)	<u>(0.05)</u>	<u>(0.13)</u>

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: preferred shares issued by a subsidiary of the Company, restricted share units (“RSUs”) and share options. As the Group incurred losses for the year ended 31 December 2025, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the year ended 31 December 2025 is the same as basic loss per share of the respective year (2024: same as basic loss per share of the respective year).

9 DIVIDENDS

No dividend had been declared or paid by the Company during the year ended 31 December 2025 (2024: nil).

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities (a) <i>RMB'000</i>	Property improvement <i>RMB'000</i>	Large-scale electronic equipment <i>RMB'000</i>	Computers and related equipment <i>RMB'000</i>	Office equipment and furniture <i>RMB'000</i>	Transportation equipment and vehicles <i>RMB'000</i>	Other equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025									
Cost	4,764,221	558,058	4,461,218	819,139	65,039	63,396	39,338	31,954	10,802,363
Accumulated depreciation	<u>(407,583)</u>	<u>(324,360)</u>	<u>(2,123,370)</u>	<u>(575,105)</u>	<u>(38,949)</u>	<u>(41,393)</u>	<u>(14,211)</u>	<u>-</u>	<u>(3,524,971)</u>
Net book amount	<u>4,356,638</u>	<u>233,698</u>	<u>2,337,848</u>	<u>244,034</u>	<u>26,090</u>	<u>22,003</u>	<u>25,127</u>	<u>31,954</u>	<u>7,277,392</u>
Year ended									
31 December 2025									
Opening net book amount	<u>4,356,638</u>	<u>233,698</u>	<u>2,337,848</u>	<u>244,034</u>	<u>26,090</u>	<u>22,003</u>	<u>25,127</u>	<u>31,954</u>	<u>7,277,392</u>
Additions	268	-	1,834,569	201,960	1,212	4,191	1,867	291,533	2,335,600
Internal transfer	-	13,016	-	1,066	-	2,170	-	(16,252)	-
Transfer to investment properties	(2,503,101)	-	-	-	-	-	-	-	(2,503,101)
Disposals	-	(11,455)	(94,986)	(26,328)	(1,416)	(3,649)	(1,806)	(812)	(140,452)
Disposals of subsidiaries	-	(2,725)	(23,960)	(26,487)	(422)	(12,160)	(41)	-	(65,795)
Depreciation charge	(105,501)	(62,833)	(688,593)	(139,706)	(8,309)	(7,082)	(4,688)	-	(1,016,712)
Currency translation differences	<u>(463)</u>	<u>(368)</u>	<u>(115)</u>	<u>(69)</u>	<u>(47)</u>	<u>(31)</u>	<u>(354)</u>	<u>(2,229)</u>	<u>(3,676)</u>
Closing net book amount	<u>1,747,841</u>	<u>169,333</u>	<u>3,364,763</u>	<u>254,470</u>	<u>17,108</u>	<u>5,442</u>	<u>20,105</u>	<u>304,194</u>	<u>5,883,256</u>

	Buildings and facilities (a) RMB'000	Property improvement RMB'000	Large-scale electronic equipment RMB'000	Computers and related equipment RMB'000	Office equipment and furniture RMB'000	Transportation equipment and vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2025									
Cost	2,121,427	556,526	5,768,789	738,926	58,364	20,201	31,591	304,194	9,600,018
Accumulated depreciation	(373,586)	(387,193)	(2,404,026)	(484,456)	(41,256)	(14,759)	(11,486)	-	(3,716,762)
Net book amount	1,747,841	169,333	3,364,763	254,470	17,108	5,442	20,105	304,194	5,883,256
	Buildings and facilities (a) RMB'000	Property improvement RMB'000	Large-scale electronic equipment RMB'000	Computers and related equipment RMB'000	Office equipment and furniture RMB'000	Transportation equipment and vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024									
Cost	4,567,174	412,066	3,986,353	702,503	75,904	60,317	36,727	126,667	9,967,711
Accumulated depreciation	(277,109)	(251,896)	(1,503,121)	(477,220)	(34,839)	(35,023)	(9,796)	-	(2,589,004)
Net book amount	4,290,065	160,170	2,483,232	225,283	41,065	25,294	26,931	126,667	7,378,707
Year ended									
31 December 2024									
Opening net book amount	4,290,065	160,170	2,483,232	225,283	41,065	25,294	26,931	126,667	7,378,707
Additions	-	46,920	533,456	173,575	8,805	8,107	4,410	278,955	1,054,228
Internal transfer	198,042	126,081	48,011	763	-	671	-	(373,568)	-
Disposals	-	(138)	(1,468)	(2,381)	(7,206)	(1,719)	(423)	(136)	(13,471)
Disposals of subsidiaries	-	(27,007)	(30,416)	(4,734)	(5,738)	-	-	-	(67,895)
Depreciation charge	(130,114)	(72,464)	(695,147)	(147,509)	(11,547)	(9,592)	(4,781)	-	(1,071,154)
Currency translation differences	(1,355)	136	180	(963)	711	(758)	(1,010)	36	(3,023)
Closing net book amount	4,356,638	233,698	2,337,848	244,034	26,090	22,003	25,127	31,954	7,277,392
At 31 December 2024									
Cost	4,764,221	558,058	4,461,218	819,139	65,039	63,396	39,338	31,954	10,802,363
Accumulated depreciation	(407,583)	(324,360)	(2,123,370)	(575,105)	(38,949)	(41,393)	(14,211)	-	(3,524,971)
Net book amount	4,356,638	233,698	2,337,848	244,034	26,090	22,003	25,127	31,954	7,277,392

- (a) As at 31 December 2025, certain buildings with carrying amount of RMB1,537,922,000 (31 December 2024: RMB4,142,979,000) were pledged as collaterals for the Group's borrowings (Note 14).
- (b) Depreciation charges were expensed off in the following categories in the consolidated income statements:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
– Cost of sales	256,816	213,005
– Selling expenses	12,644	16,627
– Administrative expenses	145,301	202,533
– Research and development expenses	601,951	638,989
	1,016,712	1,071,154

- (c) Impairment assessment for property, plant and equipment, right-of-use assets and intangible assets

According to IAS 36 “Impairment of assets”, when any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each cash generating unit (“CGU”). As at 31 December 2025, the Group continue to incur net losses as the Group was still in the stage of expanding its business and operations in the rapidly growing AI software market, and are continuously investing in research and development. The Group considered two CGUs (including CGU of core business and CGU of Tetras.AI Shenzhen) had impairment indicators and therefore performed impairment test on them.

For the purpose of impairment review, the carrying amount of these CGUs were compared to the corresponding recoverable amount, which were based predominantly on value-in-use. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amount of each of the CGUs respectively and leveraged management's extensive experiences in the AI industry and provided forecast based on past performance and their expectation of future business plans and market developments. As a result, no impairment loss on these CGUs is required to be recognised for the year ended 31 December 2025 (2024: nil).

The following table sets out the key assumptions adopted by management in the impairment assessment:

	As at 31 December	
	2025	2024
Gross margin rate (%)	37% to 98%	27% to 65%
Annual revenue growth rate (%)	6% to 25%	5% to 49%
Pre-tax discount rate (%)	18% to 21%	17% to 22%

The budgeted gross margin rate and budgeted annual revenue growth rate used in the impairment testing were determined by management based on past performance and its expectation for market development. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. These estimates and judgments may be affected by unexpected changes in the future market or economic conditions. The directors of the Company have considered the reasonably possible changes to the key assumptions as adopted in the impairment assessments and considered will not result in any impairment charge to be recognised.

11 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Notes receivables (a)	56,724	70,206
Provision for impairment	(49,019)	(49,033)
	<u>7,705</u>	<u>21,173</u>
Trade receivables (b)		
– Due from related parties	368,451	13,852
– Due from third parties	5,526,893	6,959,714
	<u>5,895,344</u>	<u>6,973,566</u>
Gross trade receivables	5,895,344	6,973,566
Provision for impairment	(3,384,897)	(4,581,875)
	<u>2,510,447</u>	<u>2,391,691</u>
Other receivables (c)		
– Refundable deposits (i)	30,040	81,565
– Loans to related parties (ii)	28,287	114,430
– Payments on behalf of customers (iii)	369,348	412,814
– Others (iv)	346,757	210,304
	<u>774,432</u>	<u>819,113</u>
Gross other receivables	774,432	819,113
Provision for impairment (v)	(311,743)	(396,712)
	<u>462,689</u>	<u>422,401</u>
Prepayments	895,462	1,448,577
Input VAT to be deducted	427,780	784,115
	<u>4,304,083</u>	<u>5,067,957</u>

As at 31 December 2025, the fair value of trade and other receivables of the Group, except for the prepayments and input VAT to be deducted which are not financial assets, approximated their carrying amounts.

The carrying amounts of the Group's notes receivables, trade, other receivables, prepayments and input VAT to be deducted, excluding provision for impairment, are denominated in the following currencies:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
– RMB	7,561,559	9,544,130
– USD	264,853	340,050
– SAR	82,550	41,275
– MYR	54,950	64,410
– SGD	30,544	43,920
– HKD	30,212	26,126
– JPY	3,864	17,450
– Others	21,210	18,216
	<u>8,049,742</u>	<u>10,095,577</u>

(a) **Notes receivables**

The aging analysis of the notes receivables based on date of revenue recognition is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank's notes receivables		
– Up to 6 months	7,624	20,743
Commercial notes receivables		
– Up to 6 months	100	463
– Over 1 year	49,000	49,000
	56,724	70,206

(b) **Trade receivables**

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly around 90 to 270 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Up to 6 months	1,896,217	863,425
6 months to 1 year	309,726	278,411
1 to 2 years	235,122	262,468
2 to 3 years	118,721	1,748,177
More than 3 years	3,335,558	3,821,085
	5,895,344	6,973,566

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors.

As at 31 December 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables RMB'000	Expected credit loss rate %	Loss allowance RMB'000	Reason
Trade receivables	495,833	97.74%	(484,640)	The likelihood of recovery

As at 31 December 2025, the loss allowance of collectively impaired trade receivables is determined as follows:

At 31 December 2025	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	2.95%	5.79%	15.44%	56.47%	82.18%	100.00%	N.A.
Gross carrying amount – trade receivables (RMB'000)	1,882,646	309,726	230,398	118,399	751,893	2,106,449	5,399,511
Loss allowance (RMB'000)	(55,553)	(17,928)	(35,566)	(66,857)	(617,904)	(2,106,449)	(2,900,257)

As at 31 December 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables RMB'000	Expected credit loss rate %	Loss allowance RMB'000	Reason
Trade receivables	<u>1,214,060</u>	<u>77.16%</u>	<u>(936,767)</u>	The likelihood of recovery

As at 31 December 2024, the loss allowance of collectively impaired trade receivables is determined as follows:

At 31 December 2024	Up to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	6.15%	15.80%	41.21%	64.00%	81.55%	100.00%	N.A.
Gross carrying amount – trade receivables (RMB'000)	<u>860,087</u>	<u>278,278</u>	<u>262,169</u>	<u>1,474,035</u>	<u>2,103,532</u>	<u>781,405</u>	<u>5,759,506</u>
Loss allowance (RMB'000)	<u>(52,886)</u>	<u>(43,963)</u>	<u>(108,031)</u>	<u>(943,395)</u>	<u>(1,715,428)</u>	<u>(781,405)</u>	<u>(3,645,108)</u>

(c) Other receivables

(i) Refundable deposits

Refundable deposits consist primarily of security deposits for rental and projects.

(ii) Loans to related parties

The loans to related parties represent the loans granted to related parties for their general business operations by the Group. These loans were repayable on demand.

(iii) Payments on behalf of customers

Payments on behalf of customers represent receivables arising from the sales transactions the Group acting as an agent. The Group assessed whether revenue should be reported on a gross or net basis for each sales transaction. For certain sales transactions where the Group acts as agent, revenue is recorded on a net basis and the receivables arising from these transactions were recorded in other receivables.

(iv) Others

Others primarily include staff advance and receivables due from staff for the exercise of restricted shares and share options.

(v) Impairment and risk exposure

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences incorporating forward-looking information. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Debt investments (a)		
– Unlisted	3,893,508	3,196,029
– Investments in bonds	1,330,278	1,270,576
– Fund	1,001,587	747,755
Equity investments (b)		
– Listed	865,737	782,940
– Unlisted	419,151	366,196
	7,510,261	6,363,496
Current assets		
Structured deposits (c)	571,969	701,087
	8,082,230	7,064,583

(a) Debt investments

The movement of the debt investments is analysed as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	5,214,360	5,766,378
Additions	829,783	420,135
Disposals	(34,623)	(526,911)
Transfer to equity investments(i)	(277,440)	(663,622)
Fair value changes	555,922	172,070
Currency translation differences	(62,629)	46,310
	6,225,373	5,214,360

- (i) One of the companies invested by the Group was listed on the Hong Kong Stock Exchange in 2025, the preferred shares held by the Group was converted into ordinary shares, accordingly the investment was transferred from debt investment to equity investment.

The Group made investments in various industry companies in the form of convertible redeemable preferred share, ordinary shares with preferential rights and convertible loans. The Group has the right to require and demand the investees to redeem all of the investments held by the Group at guaranteed predetermined amount upon redemption events which are out of control of the investees. Hence these investments are accounted for as debt instruments and are measured as financial assets at fair value through profit or loss. In addition, the Group also made investments in certain investment funds as a limited partner, these investments were included in debt investments, depending on the investment contract terms.

(b) Equity investments

The movement of the equity investments is analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At beginning of the year	1,149,136	761,097
Additions	301,452	63,950
Transfer from debt investments	277,440	663,622
Disposals	(483,647)	(323,373)
Fair value changes	54,780	(28,404)
Currency translation differences	(14,273)	12,244
	<u>1,284,888</u>	<u>1,149,136</u>

The fair values of the listed securities are determined based on the closing price quoted in active markets. The fair values of the unlisted securities are measured using a valuation technique with unobservable inputs.

(c) Structured deposits

Structured deposits represented the wealth management products issued by reputable banks in Chinese Mainland or in Hong Kong. The wealth management products were non-principal protected with maturity of less than 1 year.

The movement of the wealth management products is analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
At beginning of the year	701,087	521,805
Additions	8,859,000	3,529,000
Disposals	(9,020,269)	(3,369,048)
Fair value changes	32,151	19,330
	<u>571,969</u>	<u>701,087</u>

(d) Amounts recognised in the consolidated income statement

During the year ended 31 December 2025, the following gains were recognised in the consolidated income statement:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Fair value (losses)/gains on investments in:		
Debt investments	555,922	172,070
Equity investments	54,780	(28,404)
Derivative financial instrument	3,143	—
Structured deposits	32,151	19,330
	<u>645,996</u>	<u>162,996</u>

13 TRADE AND OTHER PAYABLES AND LONG-TERM PAYABLES

(a) Trade and other payables

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Note payables	29	–
Trade payables		
– Third parties	679,482	462,873
– Related parties	2,522	9,091
Long-term payables due within 1 year	–	22,333
Other payables		
– Third parties	624,129	539,049
– Related parties	52,181	7,452
Payables on purchase of property, plant and equipment and intangible assets	357,103	269,557
Accrued taxes other than income tax	60,923	80,143
Staff salaries and welfare payables	287,596	362,926
VAT payables related to contract liabilities	21,482	27,334
Accrued warranty expenses	4,911	7,996
	<u>2,090,358</u>	<u>1,788,754</u>

- (i) The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature.
- (ii) Aging analysis of the note and trade payables based on purchase date at the end of 31 December 2025 are as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	540,971	272,711
6 months to 1 year	13,612	12,341
1 to 2 years	27,098	68,551
More than 2 years	100,352	118,361
	<u>682,033</u>	<u>471,964</u>

(b) Long-term payables

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Long-term payables	–	36,190

Long-term payables represented the obligations to pay for goods and licensed intellectual properties with payments due more than one year. The fair values of long-term payables as at 31 December 2025 were nil (2024: RMB35,107,000).

14 BORROWINGS

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-Current		
Bank borrowing – secured (a)	3,611,939	3,719,739
Bank borrowing – guaranteed (b)	1,156,745	1,133,685
Bank borrowing – unsecured and unguaranteed	39,400	40,000
Less: current portion of non-current borrowings	<u>(1,097,749)</u>	<u>(211,960)</u>
	<u>3,710,335</u>	<u>4,681,464</u>
Current		
Short-term borrowing – guaranteed (b)	330,500	473,350
Short-term borrowing – unsecured and unguaranteed	582,266	550,234
Current portion of non-current borrowings	1,097,749	211,960
Interest payable	<u>3,735</u>	<u>4,790</u>
	<u>2,014,250</u>	<u>1,240,334</u>
Total	<u><u>5,724,585</u></u>	<u><u>5,921,798</u></u>

(a) Secured bank borrowings

As at 31 December 2025, the Group had non-current bank borrowings with carrying amount of RMB29,760,000 (31 December 2024: RMB129,360,000) which were secured by the Group's restricted deposits of USD5,896,000 (equivalent to RMB41,441,000) (31 December 2024: USD20,900,000 (equivalent to RMB161,514,000)).

As at 31 December 2025, the Group had a non-current bank borrowing with carrying amount of RMB1,932,039,000 (31 December 2024: RMB1,930,239,000) which was pledged by equity interest of Shanghai Yuqin Information Technology Co., Ltd. (“**Shanghai Yuqin**”) and joint liability guarantee from Shanghai Yuqin and Shanghai SenseTime. In addition, certain buildings (Note 10(a)) with a carrying amount of RMB953,089,000 and land use right with a carrying amount of RMB60,455,000 (31 December 2024: buildings (Note 10(a)) with a carrying amount of RMB1,013,970,000 and land use right with a carrying amount of RMB61,811,000 respectively were also pledged as collaterals for this bank borrowing.

As at 31 December 2025, the Group had a non-current bank borrowing with carrying amount of RMB1,650,140,000 which was pledged by certain buildings with a carrying amount of RMB584,833,000 (Note 10(a)) in property, plant and equipment and RMB2,512,134,000 in investment properties respectively as a collateral for the Group's borrowings. (31 December 2024: bank borrowing with carrying amount of RMB1,660,140,000 which was pledged by certain buildings (Note 10(a)) with a carrying amount of RMB3,129,009,000 as a collateral for the Group's borrowings).

(b) Guaranteed bank borrowings

As at 31 December 2025, the Group had non-current bank borrowings with carrying amount of RMB140,000,000 (31 December 2024: RMB142,000,000) for public rental housing, which was guaranteed by a state-owned property developer before the property registration is ready. After that, this borrowing will be guaranteed by Shanghai SenseTime and be pledged by the public rental housing itself as a collateral.

As at 31 December 2025, the Group had non-current bank borrowings with carrying amount of RMB578,725,000 (31 December 2024: RMB581,985,000) which were guaranteed by SenseTime Group Limited.

As at 31 December 2025, the Group had non-current bank borrowings with carrying amount of RMB109,200,000 (31 December 2024: RMB109,700,000) which were guaranteed by Beijing SenseTime.

As at 31 December 2025, the Group had non-current bank borrowings with carrying amount of RMB328,820,000 which were guaranteed by Shanghai SenseTime.

As at 31 December 2025, the Group had current bank borrowings with carrying amount of RMB320,000,000 (31 December 2024: RMB465,350,000) which were guaranteed by SenseTime Group Limited.

As at 31 December 2025, the Group had current bank borrowings with carrying amount of RMB10,500,000 which were guaranteed by Shanghai SenseTime.

The Group's borrowings are all denominated in RMB.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier were as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
6 months or less	1,277,936	966,915
Between 6 and 12 months	732,579	268,630
Between 1 and 2 years	570,970	1,093,809
Between 2 and 5 years	1,460,725	1,866,514
Over 5 years	1,678,640	1,721,140
	<u>5,720,850</u>	<u>5,917,008</u>

The aggregate principal amounts of bank borrowings and applicable interest rates are as follows:

	As at 31 December 2025		As at 31 December 2024	
	Amount	Interest rate	Amount	Interest rate
	<i>RMB'000</i>	<i>Per annum</i>	<i>RMB'000</i>	<i>Per annum</i>
RMB bank borrowings	<u>5,720,850</u>	<u>1.48%~3.80%</u>	<u>5,917,008</u>	<u>1.95%~3.80%</u>

As at 31 December 2025, the weighted average effective interest rate for borrowings was 2.52% (2024: 2.89%).

The fair values of current borrowings equal to their carrying amount as the discounting impact is not significant.

The fair values of non-current borrowings as at 31 December 2025 were disclosed as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current borrowings	<u>3,723,466</u>	<u>4,663,793</u>

15 EVENTS AFTER THE BALANCE SHEET DATE

As at 31 December 2025, there were no significant events after the balance sheet date for the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including any sale of treasury shares).

EVENTS AFTER THE REPORTING PERIOD

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the Reporting Period, the Company has complied with the corporate governance requirements under the Corporate Governance Code set out in Part 2 of Appendix C1 to the Listing Rules, save for code provision C.2.1 as discussed below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should be performed by different individuals. The Company does not have a separate chairman and chief executive officer, and Dr. Xu Li currently performs these two roles. The Board believes that vesting the roles of both executive chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of executive chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

As disclosed in the announcement of the Company dated March 14, 2025, as a result of the resignation of Mr. Li Wei, the Company was temporarily unable to comply with Rules 3.10(1) and 3.10A (in respect of having at least three independent non-executive Directors representing at least one-third of the Board), and the requirements under Rules 3.21 (in respect of the audit committee having at least three members with a majority of members comprising independent non-executive Directors), 3.25 (in respect of the remuneration committee having an independent non-executive Director as chairman with a majority of members comprising independent non-executive Directors), 3.27A and 8A.28 (in respect of the nomination committee having an independent non-executive Director as chairman with a majority of members comprising independent non-executive Directors).

As disclosed in the announcement of the Company dated May 30, 2025, Mr. Chiu Duncan was appointed as an independent non-executive Director of the Company. Following the appointment of Mr. Chiu Duncan as an independent non-executive Director and the aforementioned changes to the composition of the Board committees, the Company has re-complied with the relevant requirements under Listing Rules.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025.

ANNUAL GENERAL MEETING

The AGM will be held on June 24, 2026. A notice convening the AGM will be published and despatched to the Shareholders (if requested) in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 18, 2026 to June 24, 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 17, 2026.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period and up to the date of this announcement.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive loss, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2025 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sensetime.com. The annual report of the Company for the year ended December 31, 2025 will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Shareholders (if requested) in due course.

DEFINITIONS

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

“AGM”	the annual general meeting for the year ended December 31, 2025 to be held on June 24, 2026 or any adjournment thereof
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors of the Company
“Class A Share(s)”	the class A ordinary shares of the Company with a par value of US\$0.000000025 each
“Class B Share(s)”	the class B ordinary shares of the Company with a par value of US\$0.000000025 each
“Company”	SenseTime Group Inc. (商汤集团股份有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability, the issued Class B Shares of which are listed on the Main Board of the Stock Exchange (stock codes: 0020 (HKD Counter) and 80020 (RMB Counter))
“Director(s)”	the director(s) of the Company
“Dr. Xu Li”	Dr. Xu Li (徐立), the Company’s co-founder, executive Chairman of the Board, executive Director, chief executive officer and a WVR Beneficiary (within the meaning ascribed thereto under the Listing Rules)
“Group”, “SenseTime” or “we”	the Company and its subsidiaries and consolidated affiliated entities
“HKD” or “HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“IFRS”	International Financial Reporting Standards
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 of the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the year ended December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SGD”	Singapore Dollars, the lawful currency of Singapore
“Share(s)”	the Class A Shares and Class B Shares
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	United States Dollars, the lawful currency of the United States

By order of the Board
SenseTime Group Inc.
 商汤集团股份有限公司
Dr. Xu Li
Executive Chairman
Chief Executive Officer

Hong Kong, March 24, 2026

As at the date of this announcement, the executive Directors are Dr. Xu Li, Dr. Wang Xiaogang, Dr. Lin Dahua, Mr. Yang Fan and Mr. Wang Zheng; the non-executive Director is Ms. Fan Yuanyuan; and the independent non-executive Directors are Prof. Xue Lan, Mr. Lyn Frank Yee Chon and Mr. Chiu Duncan.

This announcement contains certain forward-looking statements. These forward-looking statements are based on information currently available to the Group or the current belief, expectations and assumptions of the Board. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company’s control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and shareholders and investors of the Company should not place undue reliance on such statements.