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Axera Semiconductor Co., Ltd.
愛芯元智半導體股份有限公司

(incorporated in the People's Republic of China with limited liability)

(Stock Code: 600)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

FINANCIAL HIGHLIGHTS

| | For the year ended December 31, 2025 | | 2024 |
|---|---|--|-------------|
| | RMB in thousand | | |
| Revenue | 561,689 | | 472,892 |
| Gross profit | 121,287 | | 99,403 |
| Loss for the year | (1,184,207) | | (904,197) |
| Loss attributable to equity shareholders of the Company | (1,149,347) | | (860,915) |
| Non-IFRS Measure: ^{Note} | | | |
| Adjusted loss for the year | (634,510) | | (627,723) |

Note: Please refer to section headed "Non-IFRS Measure" in this annual results announcement for more details.

The Board is pleased to announce the annual results of the Group for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024.

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

Since 2025 the AI industry has accelerated rapidly. Competition among major players has shifted beyond cloud-based models and massive server clusters to the broader realm of physical AI, driven by the belief that “the ultimate form of AI will manifest in the physical world.” AI computing power architecture has matured into a collaborative “cloud-edge-on-device” model. Fueled by surging demand in two core areas, smart vehicles and edge AI inference, accompanied by the continuous deepening of self-reliance and control over semiconductors, the Company is capitalizing on historic opportunities. Committed to self-developed core technologies, the Company has strategically focused on three business areas: on-device computing, smart vehicles, and edge AI inference, and is executing a plan to become a top tier, internationally scaled, and well-capitalized industrial leader.

During the Reporting Period, all three core business segments posted growth: 1) Smart vehicles: Momentum and visibility remained strong. Regulatory-led adoption in key markets is accelerating demand for L2 ADAS chips that comply with standards, while premium smart driving features are penetrating faster, increasing steady demand for automotive-grade, highly reliable, and energy-efficient driving chip solutions. 2) Edge computing: With the surging demand for applications such as industrial agents and personal agents, along with the need to reduce cloud Token costs and enable low-latency, high-security inference services, the market demand for edge inference chips continues to grow. 3) On-device computing: The main control chip with high computing power and low power consumption has entered the upgrade and replacement cycle.

Focused on three core business segments, the Company has made major breakthroughs in two key areas: 1) R&D and products: The Company continued to invest in core technologies including automotive functional safety, high efficiency NPUs, low power inferencing architecture, and smart multi-camera vision processing. The Company has completed the upgrade and iterative development of over five platform-based chip series and established a differentiated and comprehensive product matrix across on-device computing, smart vehicles, and edge AI inference, with industry-leading energy efficiency, cost competitiveness, and stability. 2) Ecosystem and delivery: The Company enhanced its automotive-grade development toolchains and edge-computing SDKs, substantially shortening customer development cycles. It also established a stable wafer and assembly/test supply chain to ensure mass-delivery capacity and support rapid volume growth.

In 2025, seizing the explosive opportunities in the three core tracks, the Company achieved a rapid increase in the proportion of emerging businesses to total revenue, realizing high-quality and rapid development with a clearer business structure, strengthened customer barriers and continuously fortified technological moats.

- **Strengthened market position of on-device computing:** Leveraging our proprietary Axera Proton (愛芯智眸) AI-ISP technology, our visual perception SoCs “Night Vision” series recorded a significant year-on-year increase in sales volume. This product series saw rapid adoption in both commercial and consumer markets, emerging as a mainstream standard feature. Our technological expertise effectively empowered domestic brands in their overseas expansion, facilitating the rapid deployment of this series in the international markets. Benefiting from our technological advantages, the market share of our on-device computing products steadily increased, further consolidating our leadership in the global visual on-device chip sector.
- **Key breakthrough in smart vehicle business:** In the context of accelerated automotive intelligence, our smart vehicle product line made substantial progress. Specifically, the installation volume and design wins of our smart driving chips rose rapidly, positioning us among the leading players in China’s smart driving chip industry. We established partnerships with several leading original equipment manufacturers (OEMs) and Tier-1 suppliers, including several internationally renowned Tier-1 suppliers. Some of the projects arising from these new design wins have entered the final development stages prior to mass production, laying a solid foundation for future growth. Our smart vehicle SoC M97, designed for high-level smart driving, was taped out in October 2025 and successfully brought up upon chip return in February 2026.
- **Deep expansion in edge AI inference:** During the Reporting Period, the edge AI inference business achieved milestone progress in product iteration and scenario-based applications. We achieved a record high in the number of “Design-in” secured in emerging market segments such as industrial cameras, mobile robots, and drones, accumulating strong growth momentum.

In 2025, shipment volumes across our product lines increased steadily. The cumulative shipments of SoCs reached a new high, exceeding 212 million units, with 86 million units shipped in 2025. The shipments of smart vehicle SoCs reached 630,000 units in 2025. In 2025, we recorded revenue of RMB561.7 million, representing an 18.8% year-on-year increase. The proportion of revenue contributed by emerging businesses in smart vehicles and edge AI inference continued to grow. Gross profit continued to improve, reaching RMB121.3 million, with a gross profit margin of 21.6%. Benefiting from enhanced R&D efficiency and refined operational management, we effectively controlled expense growth. The annual R&D expenses amounted to RMB596.4 million, representing a modest year-on-year increase of 1.3%. With stable R&D investment, the Company substantially enhanced R&D efficiency, achieved a leap in R&D capability, and effectively supported the simultaneous R&D of multiple high-end SoCs, gathering sustained momentum for the Company’s next stage of development. We believe that our robust financial and operational performance demonstrates our ability to execute our strategy and achieve sustainable development in a fast-changing market.

Products and solutions

On-device computing products: During the Reporting Period, sales volume and market share of our “Night Vision” series (including the AX630C and AX620Q series) continued to rise substantially. Our product portfolio now comprehensively covers mainstream application scenarios such as long-term continuous power supply, battery-powered, 4G/Wi-Fi, multi-camera, and AOV (Always-On-Video), catering to diverse customer requirements. The newly launched AX615 series, featuring the next-generation AI-ISP and video encoder, rapidly gained market recognition thanks to its exceptional “Night Vision” video performance. This success has secured project approvals from multiple leading customers, laying a foundation for growth in 2026.

Smart vehicle solutions: Our M55H chip has entered mass production and achieved meaningful deployment across multiple OEMs. M57, the next-generation L2 chip solution, successfully completed tape-out and secured design wins from several leading OEMs, establishing it as a primary platform solution for these customers. Targeting the global market, our M57 chip has been selected as a designated platform by several internationally renowned Tier-1 suppliers and will be deployed in mass production for overseas markets, marking the official commencement of our globalization of smart vehicle business. Our smart vehicle SoC M97 for high-level smart driving was taped out in October 2025, successfully brought up upon wafer return in February 2026, and delivered computing power of over 700 TOPS. The development of our second advanced driver-assistance system (ADAS) chip and our first intelligent cockpit computing acceleration chip has officially commenced, with tape-out scheduled for the first half of 2026. This marks the completion of the product matrix for Axera's smart vehicle business, positioning the Company in the first tier of domestic smart vehicle chip suppliers.

Edge AI inference products: Leveraging the advanced architecture and computing power strength of our AX8850N chip, we pioneered the edge-side adaptation of large language models (LLMs), including DeepSeek R1 Distill and Qwen 2.5. The development of our next-generation edge inference chip series with high computing power has been officially launched. We helped our customers to deploy computing power at the device side, allowing AI Agents to perform reasoning and decision-making locally. This offered the following core advantages: ultra-low latency, enhanced data privacy protection, optimized operating costs, and strong adaptability to diverse network environments.

Business outlook

In 2026, solutions driven by next-generation on-device , in-vehicle and edge AI chips are expected to be deployed across a wider range of smart devices and vehicles. Accordingly, we will continue to ramp up our R&D investments, focusing on enhancing computing power, energy efficiency, and software usability to cater to the stringent requirements of next-generation AI applications on computing platforms.

On-device computing: Building upon our established development strategy, we will further expand our “Night Vision” series product portfolio, targeting both the high-end segment and the excellent cost-effective market to address diverse market requirements to grow our market share. We will sustain investment in and advance our AI-ISP technology to deliver optimal solutions across various low-light scenarios.

Smart vehicle: We will work on the mass production deployment of our M57 chip in both the Chinese and overseas markets, while accelerating the commercialization of our next-generation smart vehicle AI chip, M97. The M97 chip is designed to deliver higher-performance computing power for perception and decision-making, enabling more advanced smart driving functions. We will continue to deepen collaborations with existing OEMs and expand our customer base to consolidate and broaden our leadership in the smart driving chip market. We will complete the development and customers outreach of our second ADAS chip and our first intelligent cockpit computing acceleration chip, thereby strengthening the product matrix of our smart vehicle chip.

Edge AI inference: Building upon our 8830 series and 8850 series SoCs, we will continue to develop next-generation Edge LLM AI inference chip featuring higher operating frequencies and higher computing power, catering to the AI upgrade requirements of diverse intelligent terminals. In addition, to address the multi-modal fusion processing needs of embodied intelligent robots, we are advancing the R&D of new SoCs integrating high-performance Transformer engines, maintaining our technological leadership at the edge.

We will continue to deepen collaborations with leading customers across various industries, focusing on key verticals including smart vision, smart driving, edge inference and embodied intelligence. By delivering more competitive chips, toolchain and underlying software platforms, we empower our customers and partners to build their terminal solutions. The deep integration of AI with the real economy is reshaping the global technological development. We believe that our technological expertise and commercialization capabilities in dedicated AI computing will position us to capitalize on this opportunity and make intelligent computing more accessible, while delivering long-term value for our Shareholders.

RECENT DEVELOPMENTS AFTER THE REPORTING PERIOD

Accelerated commercialization and product iteration of on-device computing products

Since the end of the Reporting Period, the on-device computing business line has further accelerated the commercialization of the AX620A, AX630C, and AX620Q series products, supported by a comprehensive SDK software stack. The newly launched AX615 series, featuring the next-generation AI-ISP and video encoder, rapidly gained market recognition thanks to its exceptional “Night Vision” video performance. This success has secured project approvals from multiple leading customers, and some projects have already achieved rapid mass production, laying a foundation for growth in 2026.

Progress in mass production of smart vehicle solutions

Since the beginning of 2026, major OEMs have begun accelerating the selection and deployment of the latest generation of smart driving solutions in response to upcoming smart driving regulations in China, creating broader opportunities for the smart driving market. The rapid growth in the export volume of Chinese automakers have further amplified the market for smart driving. Our latest-generation smart driving chip M57, designed to meet both Chinese and global regulatory requirements, has emerged as one of the primary solutions for multiple leading OEMs. Since the end of the Reporting Period, it has secured multiple mass-production vehicle model design wins,

with the first mass-produced vehicle already launched in March 2026, laying the foundation for growth in 2026. The smart vehicle SoC M97, designed for ADAS, was taped out in February 2026 and successfully brought up, with development progressing smoothly and engineering sample deliveries already underway.

Continuous product iteration in edge AI inference

While our existing chip customers have already entered mass production, the Company continues to invest in the R&D of next-generation on-device large model AI inference chips featuring higher operating frequencies and higher computing power. This series of chips represents the optimal edge computing platform for the deployment of AI agents exemplified by OpenClaw. In parallel, we are advancing the commercialization of platforms with high computing power targeting large enterprise customers and various embodied robotics applications.

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:

| | For the year ended | |
|---|---------------------------|----------------|
| | December 31, | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Revenue | 561,689 | 472,892 |
| Cost of sales | (440,402) | (373,489) |
| | <hr/> | <hr/> |
| Gross profit | 121,287 | 99,403 |
| Other income | 20,563 | 47,103 |
| Other net gains/(losses) | 4,953 | (1,090) |
| Sales and marketing expenses | (77,707) | (65,496) |
| General and administrative expenses | (231,457) | (136,224) |
| Research and development expenses | (596,364) | (588,952) |
| Reversal of expected credit losses/ (expected credit losses) on financial assets | 2,663 | (11,032) |
| | <hr/> | <hr/> |
| Loss from operations | (756,062) | (656,288) |
| Changes in the carrying amount of redemption liabilities | (410,364) | (224,995) |
| Other finance costs | (20,343) | (26,132) |
| | <hr/> | <hr/> |
| Finance costs | (430,707) | (251,127) |
| Finance income | 2,562 | 3,218 |
| | <hr/> | <hr/> |
| Net financial costs | (428,145) | (247,909) |
| | <hr/> | <hr/> |
| Loss before taxation | (1,184,207) | (904,197) |
| Income tax | — | — |
| | <hr/> | <hr/> |
| Loss for the year | (1,184,207) | (904,197) |
| Loss attributable to equity shareholders of the Company | (1,149,347) | (860,915) |
| | <hr/> | <hr/> |
| Adjusted loss for the year (non-IFRS measure) | (634,510) | (627,723) |
| | <hr/> <hr/> | <hr/> <hr/> |

FINANCIAL REVIEW

Revenue

Our revenue increased by 18.8% from RMB472.9 million in 2024 to RMB561.7 million in 2025, with the proportion of revenue from emerging businesses in smart vehicles and edge AI inference rising from 5.3% in 2024 to 16.4% in 2025. The following table sets forth our revenue breakdown by product and service type for the years indicated.

| | For the year ended December 31, | | | |
|------------------------------|---|--------------|----------------|--------------|
| | 2025 | | 2024 | |
| | <i>RMB</i> | <i>%</i> | <i>RMB</i> | <i>%</i> |
| | (RMB in thousands, except for percentages) | | | |
| On-device computing products | 468,491 | 83.4 | 447,036 | 94.5 |
| Edge AI products | 43,601 | 7.8 | 18,582 | 3.9 |
| Smart vehicle solutions | 48,171 | 8.6 | 6,707 | 1.4 |
| Others | 1,426 | 0.2 | 567 | 0.2 |
| Total | 561,689 | 100.0 | 472,892 | 100.0 |

Our revenue from on-device computing products increased by 4.8% from RMB447.0 million in 2024 to RMB468.5 million in 2025, primarily due to the continuous business expansion across our major product categories.

Our revenue from edge AI products significantly increased by 134.6% from RMB18.6 million in 2024 to RMB43.6 million in 2025, primarily due to the rapidly expanding market. For example, the breakthrough success of large models, such as DeepSeek, in early 2025 acted as a significant market catalyst, which accelerated adoption of industry-scale large models for deployment on edge and on-device products. Our 8850 series products are uniquely positioned to capture this demand, as they are among the few on the market that natively support the essential transformer architecture. This key feature enables customers to efficiently deploy advanced AI functions in applications such as edge inference.

Our revenue from smart vehicle solutions significantly increased by 618.2% from RMB6.7 million in 2024 to RMB48.2 million in 2025, primarily due to the fact that vehicle models from our end customers, for which we had previously secured design wins, commenced mass production phase in 2025, leading to a substantial ramp-up in our shipment volume of chips.

Cost of sales

Our cost of sales increased by 17.9% from RMB373.5 million in 2024 to RMB440.4 million in 2025, primarily due to higher sales volumes across our major product categories, which resulted in increased procurement of raw materials and outsourced processing services.

Gross profit and gross profit margin

Our gross profit increased by 22.0% from RMB99.4 million in 2024 to RMB121.3 million in 2025. Our gross profit margin increased from 21.0% in 2024 to 21.6% in 2025, primarily due to the increased revenue contribution from the Company's high-margin smart vehicle solutions and edge computing products.

Other income

Our other income decreased by 56.3% from RMB47.1 million in 2024 to RMB20.6 million in 2025, primarily due to a decrease in government grants.

Other net gains

Our net gains were RMB5.0 million in 2025, compared to net losses of RMB1.1 million in 2024, primarily due to an increase in net realized and unrealized gains on financial assets measured at FVPL, as well as a shift from net foreign exchange losses to net foreign exchange gains as a result of the fluctuation of foreign exchange rate.

Research and development expenses

Our research and development expenses increased by 1.3% from RMB589.0 million in 2024 to RMB596.4 million in 2025, primarily due to an increase in material consumption to support our ongoing R&D projects, partially offset by a decrease in employee compensation expenses, which mainly reflected our efforts to optimize the unified R&D team and improve operational efficiency.

General and administrative expenses

Our general and administrative expenses increased by 69.9% from RMB136.2 million in 2024 to RMB231.5 million in 2025, primarily due to (i) an increase in employee compensation expenses, which mainly reflected the equity settled share-based payment for our employees as well as an increase in headcount of our general and administrative personnel, and (ii) listing expenses of RMB23.8 million recorded during the Reporting Period.

Sales and marketing expenses

Our sales and marketing expenses increased by 18.6% from RMB65.5 million in 2024 to RMB77.7 million in 2025, primarily due to an increase in employee compensation expenses, mainly reflecting the equity settled share-based payment for our employees as well as an increase in headcount of our sales and marketing personnel.

Net finance costs

Our net finance costs increased by 72.7% from RMB247.9 million in 2024 to RMB428.1 million in 2025, primarily due to an increase of changes in carrying amount of redemption liabilities, primarily due to an increase in the redemption amount of shares with preferred rights held by our Pre-IPO Investors associated with our Series C financing.

Loss for the year

As a result of the foregoing, our loss for the year was RMB1,184.2 million for the year ended December 31, 2025 (for the year ended December 31, 2024: RMB904.2 million).

Non-IFRS measure

We define adjusted loss for the year (non-IFRS measure) as loss for the year adjusted by adding back (i) changes in the carrying amount of redemption liabilities, representing the carrying amounts changes of the redemption rights granted by us, which is non-cash in nature and will be reclassified to equity after the termination of the investors' redemption rights, (ii) equity settled share-based payment, which was non-cash in nature and represented the employee benefit expenses incurred in connection with our award to management and key employees, and (iii) Listing expenses, which represented expenses in relation to the Global Offering.

To supplement our consolidated financial statements, we also use adjusted loss for the year (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS Accounting standards. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted loss for the year (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting standards.

The following table reconciles our adjusted loss for the year (non-IFRS measure) for the years presented in accordance with IFRS Accounting standards, which is loss for the year:

For the year ended December 31,
2025 **2024**
% of revenue *% of revenue*
(RMB in thousands, except for percentages)

Reconciliation of loss for the year to adjusted loss (non-IFRS measure)

| | | | | |
|--|------------------|----------------|------------------|----------------|
| Loss for the year | (1,184,207) | (210.8) | (904,197) | (191.2) |
| Add: | | | | |
| Changes in the carrying amount of redemption liabilities | 410,364 | 73.0 | 224,995 | 47.6 |
| Equity settled share-based payment | 115,537 | 20.6 | 51,479 | 10.9 |
| Listing expenses | 23,796 | 4.2 | — | — |
| | (634,510) | (113.0) | (627,723) | (132.7) |
| Adjusted loss for the year (non-IFRS measure) | (634,510) | (113.0) | (627,723) | (132.7) |

Liquidity and capital resources

In 2025, we funded our cash requirements principally through sales of our products, capital contributions from equity holders and bank borrowings. Our deemed cash position, which includes cash and cash equivalents, time deposits, and financial assets at FVPL, increased by 8.0% from RMB876.4 million as of December 31, 2024 to RMB946.1 million as of December 31, 2025.

Pledge of assets

As of December 31, 2025, our total secured bank borrowings amounted to RMB132.9 million and were pledged by the RMB26,000,000 paid-in-capital of Zhejiang Huatu.

Gearing ratio

As of December 31, 2025, our gearing ratio (equals total liabilities divided by total assets, in percentage) was 233.6%, as compared to 179.0% as of December 31, 2024.

Foreign exchange risk exposure

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and JPY. To manage such risks, we closely monitor exchange rate movements and may, on a needed basis, implement measures like entering into forward contract to minimize the exposures. During the Reporting Period, we did not experience any material impact on our operations resulting from fluctuation in exchange rates.

Contingent liabilities

The Group had no material contingent liabilities as of December 31, 2025.

Capital expenditure

During the Reporting Period, our capital expenditure was RMB359.5 million, as compared to RMB46.2 million during the year ended December 31, 2024, mainly related to our payment for the purchase of property, plant and equipment and intangible assets.

Capital commitment

As of December 31, 2025, our capital commitment was RMB96.0 million, as compared to RMB14.0 million as of December 31, 2024, mainly related to capital expenditure on intangible assets, property, plant and equipment.

Employees and remuneration

As of December 31, 2025, the Group had a total of 635 full-time employees. The total employee remuneration expenses for 2025, including equity settled share-based payment, were RMB605.5 million in 2025, as compared to RMB565.0 million in 2024.

Our employees' remuneration mainly comprises salaries, bonuses, social security contributions, equity settled share-based payment and other employee benefits. We participate in housing fund and various employee social security schemes organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We also purchase commercial health insurance for our employees.

We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We have also established the Restricted Share Incentive Scheme to incentivize our employees, details of which are set out in the Prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

| | <i>Note</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Revenue | 3 | 561,689 | 472,892 |
| Cost of sales | | (440,402) | (373,489) |
| Gross profit | | 121,287 | 99,403 |
| Other income | | 20,563 | 47,103 |
| Other net gains/(losses) | | 4,953 | (1,090) |
| Sales and marketing expenses | | (77,707) | (65,496) |
| General and administrative expenses | | (231,457) | (136,224) |
| Research and development expenses | | (596,364) | (588,952) |
| Reversal of expected credit losses/(Expected credit losses) on financial assets | 4(c) | 2,663 | (11,032) |
| Loss from operations | | (756,062) | (656,288) |
| Changes in the carrying amount of redemption liabilities | 10 | (410,364) | (224,995) |
| Other finance costs | | (20,343) | (26,132) |
| Finance costs | | (430,707) | (251,127) |
| Finance income | | 2,562 | 3,218 |
| Net financial costs | 4(a) | (428,145) | (247,909) |
| Loss before taxation | 4 | (1,184,207) | (904,197) |
| Income tax | 5(a) | — | — |
| Loss for the year | | (1,184,207) | (904,197) |
| Attributable to: | | | |
| Equity shareholders of the Company | | (1,149,347) | (860,915) |
| Non-controlling interests | | (34,860) | (43,282) |
| Loss for the year | | (1,184,207) | (904,197) |
| Loss per share | | | |
| Basic and diluted loss per share (RMB) | 6 | (3.16) | (3.18) |

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended December 31, 2025

| | <i>Note</i> | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|-------------|-------------------------------|-------------------------|
| Loss for the year | | <u>(1,184,207)</u> | <u>(904,197)</u> |
| Other comprehensive income for the year (after tax) | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of subsidiaries outside of Chinese mainland | | <u>(592)</u> | <u>(195)</u> |
| Other comprehensive income for the year | | <u>(592)</u> | <u>(195)</u> |
| Total comprehensive income for the year | | <u><u>(1,184,799)</u></u> | <u><u>(904,392)</u></u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | <u>(1,149,939)</u> | (861,110) |
| Non-controlling interests | | <u>(34,860)</u> | <u>(43,282)</u> |
| Total comprehensive income for the year | | <u><u>(1,184,799)</u></u> | <u><u>(904,392)</u></u> |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended December 31, 2025

| | <i>Note</i> | December 31, 2025 RMB'000 | December 31, 2024 RMB'000 |
|--|-------------|--|---------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 54,737 | 17,747 |
| Right-of-use assets | | 11,044 | 12,922 |
| Intangible assets | | 819,921 | 471,780 |
| Goodwill | | 908,170 | 908,170 |
| Financial assets at FVOCI | | 14,942 | 14,942 |
| Prepayments and other receivables | | 24,171 | 172,376 |
| | | <u>1,832,985</u> | <u>1,597,937</u> |
| Current assets | | | |
| Financial assets at FVPL | | 608,325 | — |
| Inventories | | 328,498 | 211,875 |
| Trade receivables | 7 | 166,851 | 222,047 |
| Prepayments and other receivables | | 325,766 | 99,712 |
| Time deposits | | — | 33,138 |
| Cash and cash equivalents | | 337,775 | 843,250 |
| | | <u>1,767,215</u> | <u>1,410,022</u> |
| Current liabilities | | | |
| Trade and bill payables | 8 | 158,528 | 92,581 |
| Other payables and accruals | | 154,938 | 386,213 |
| Bank loans | | 328,317 | 280,157 |
| Contract liabilities | | 11,786 | 2,392 |
| Lease liabilities | | 4,516 | 9,238 |
| Financial instruments issued to investors | 10 | 7,091,304 | 4,444,742 |
| | | <u>7,749,389</u> | <u>5,215,323</u> |
| Net current liabilities | | <u>(5,982,174)</u> | <u>(3,805,301)</u> |
| Total assets less current liabilities | | <u><u>(4,149,189)</u></u> | <u><u>(2,207,364)</u></u> |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

For the year ended December 31, 2025

| | <i>Note</i> | December 31, 2025 <i>RMB'000</i> | December 31, 2024 <i>RMB'000</i> |
|---|-------------|--|--|
| Non-current liabilities | | | |
| Bank loans | | 652,798 | 165,000 |
| Lease liabilities | | 6,029 | 3,368 |
| Deferred tax liabilities | | 162 | 162 |
| | | <u>658,989</u> | <u>168,530</u> |
| Net liabilities | | <u><u>(4,808,178)</u></u> | <u><u>(2,375,894)</u></u> |
| Capital and reserves | | | |
| Paid-in/Share capital | 9 | 482,845 | 393,981 |
| Reserves | | <u>(5,732,083)</u> | <u>(3,004,035)</u> |
| Total deficit attributable to equity shareholders of the Company | | (5,249,238) | (2,610,054) |
| Non-controlling interests | | <u>441,060</u> | <u>234,160</u> |
| Total deficit | | <u><u>(4,808,178)</u></u> | <u><u>(2,375,894)</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

1 General information

Axera Semiconductor Co., Ltd. (the “**Company**”) (愛芯元智半導體股份有限公司), formerly known as Axera Semiconductor (Ningbo) Co., Ltd. (愛芯元智半導體 (寧波) 有限公司), was incorporated in the People’s Republic of China (the “**PRC**”) on April 20, 2020 as a limited liability company and was converted into a joint stock company on March 8, 2024. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on February 10, 2026 (the “**Listing**”).

During the years ended December 31, 2025 and 2024, the Company and its subsidiaries (together, “**the Group**”) were principally engaged in the design, development and sales of semiconductor products and provision of related services for AI inference SoCs, delivering cutting-edge perception and computing platforms for edge and endpoint AI applications.

2 Material accounting policy information

(a) *Statement of compliance*

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The consolidated financial statements have been prepared on a going concern basis. The Group’s net current liability, amounted to RMB5,982,174,000 as at December 31, 2025 included the redemption obligations totaling RMB7,091,304,000 as financial liabilities, which has been settled by automatic conversion, converted to ordinary shares, upon the initial public offering on the Stock Exchange on February 10, 2026. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months.

(b) Basis of preparation of the financial statements

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand yuan (RMB’000) except when otherwise indicated.

The consolidated financial statements for the year ended December 31, 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial assets and financial liabilities are stated at their fair value as explained in the accounting policies set out below:

- Investments in equity and debt financial instruments measured at fair value;
- Derivative financial instruments.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are the sales of on-device computing products, edge AI inference products and smart vehicle solutions and provision of related services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products/services is as follows:

| | 2025 | 2024 |
|--|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Recognized at a point in time | | |
| Disaggregated by major products/services | | |
| — Products | 553,080 | 472,325 |
| — Technical services and others | 8,609 | 567 |
| | 561,689 | 472,892 |

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the years ended December 31, 2025 and 2024 is set out below:

| | 2025 | 2024 |
|------------|----------------|--------|
| Customer A | 25.55 % | 23.87% |
| Customer B | * | 20.92% |
| Customer C | 12.52 % | 14.60% |
| Customer D | 25.56 % | * |

* Less than 10% of the Group's revenue in the respective year.

Note: The customers as shown above are at their group level which aggregates the customer's headquarters, provincial, municipal and specialized subsidiaries which enter into contracts with the Group individually.

- (iii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2025 and 2024, the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers are part of contracts that have original expected duration of one year or less. The Group has elected the practical expedient and not disclosed the transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Group has determined that it only has one operating segment which is the sales of semiconductor products and provision of related service.

Accordingly, no reportable segment information is presented.

(c) Geographical information

- (i) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

| | 2025 | 2024 |
|------------------|----------------|---------|
| | RMB'000 | RMB'000 |
| Chinese mainland | 492,850 | 466,574 |
| Others | 68,839 | 6,318 |
| | 561,689 | 472,892 |

All the non-current assets of the Group located in the Chinese mainland.

4 Loss before taxation

Loss before taxation is arrived at after (credit)/charging:

(a) *Net finance costs*

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest income | (2,562) | (3,218) |
| Changes in the carrying amount of redemption liabilities (Note 10) | 410,364 | 224,995 |
| Interest expense on bank loans | 19,887 | 17,072 |
| Interest expense on payables for purchase of software | 131 | 453 |
| Interest expense on convertible bonds (Note 10) | — | 8,077 |
| Interest expense on lease liabilities | 325 | 530 |
| | <u>428,145</u> | <u>247,909</u> |

(b) *Staff costs*

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, wages and other benefits | 457,118 | 478,251 |
| Contributions to defined contribution retirement plans (Note (i)) | 32,816 | 35,291 |
| Equity-settled share-based payment expense | 115,537 | 51,479 |
| | <u>605,471</u> | <u>565,021</u> |

Note:

- (i) The employees of the subsidiaries of the Group established in the PRC participate in a defined contribution scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) *Other items*

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Cost of inventories sold | 440,402 | 373,489 |
| Depreciation charges: | | |
| — property, plant and equipment | 11,080 | 14,583 |
| — right-of-use assets | 10,450 | 11,245 |
| Amortization cost of intangible assets | 122,567 | 126,371 |
| Expense relating to short-term leases | 1,454 | 1,758 |
| Research and development expenses (Note (i)) | 596,364 | 588,952 |
| (Reversal of expected credit losses) on financial assets/Expected credit losses — trade receivables and other receivables | (2,663) | 11,032 |
| Listing expenses | 23,796 | — |
| Auditors' remuneration: | | |
| — Audit services | 1,690 | — |
| — Other services (Note (ii)) | 5,450 | — |

Notes:

- (i) During the years ended December 31, 2025 and 2024 research and development expenses include staff costs, depreciation expenses, and amortization expenses of RMB532,308,000 and RMB528,806,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.
- (ii) Other services include RMB3,440,000 which is also included in the listing expenses disclosed separately above.

5 Income tax in the consolidated statements of profit or loss and other comprehensive income

(a) *Taxation in the consolidated statements of profit or loss and other comprehensive income represents*

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

(i) Chinese Mainland

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the “CIT”), the Company’s Chinese Mainland subsidiaries are subject to the CIT at a rate of 25% unless otherwise specified.

Pursuant to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as a high technology enterprise (“HNTTE”) are entitled to a preferential income tax of 15%. Axera Semiconductor Co., Ltd., Beijing Axera Technology Co., Ltd., Shanghai Aixin Technology Co., Ltd. and Zhejiang Xinsheng Electronic Technology Co., Ltd. were qualified as HNTTEs in 2021 and renewed the qualification in 2024, hence, these subsidiaries enjoy a preferential income tax of 15% from the year of 2021 to 2026.

(ii) Hong Kong

The provision for Hong Kong Profits Tax for each of the reporting period is calculated at 16.5% of the estimated assessable profits for the year, except for a subsidiary of the Group which is under the two-tiered profits tax rate regime, i.e. the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(iii) Japan

Under the Japan Corporate Income Tax Law, Japanese corporate income tax is calculated at a statutory rate of 33.58%.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates

| | 2025 | 2024 |
|--|--------------------|-----------|
| | RMB'000 | RMB'000 |
| Loss before taxation | (1,184,207) | (904,197) |
| Notional tax on loss before taxation calculated at the rates applicable to profits in the jurisdiction concerned | (284,749) | (223,494) |
| Tax effect of preferential tax rate | 95,779 | 81,142 |
| Tax effect of non-deductible expenses | 26,758 | 9,057 |
| Tax effect of additional deduction on research and development expenses (Note) | (98,390) | (87,956) |
| Tax effect of utilization of the tax losses not recognized as deferred tax assets in previous years | (607) | (55) |
| Tax effect of deductible temporary differences and unused tax losses not recognized | 261,209 | 221,306 |
| Actual tax expense | — | — |

Note:

According to Announcement [2023] No. 7 of the Ministry of Finance and the State Taxation Administration, the enterprises entitled to the current additional tax deduction ratio of 100% for research and development expenses from January 1, 2023.

6 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the years.

The Company was converted into a joint stock company with limited liability and 330,771,000 shares at RMB1.00 each were issued on March 8, 2024. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since January 1, 2024.

(i) Loss attributable to ordinary equity shareholders of the Company

| | 2025 | 2024 |
|---|-----------------------------|-----------------------------|
| | RMB'000 | RMB'000 |
| Loss attributable to all equity shareholders of the Company | (1,149,347) | (860,915) |
| Allocation of loss attributable to ordinary shares with redemption rights (Note 10) | 922,349 | 632,304 |
| | <u> </u> | <u> </u> |
| Loss attributable to ordinary equity shareholders of the Company | <u>(226,998)</u> | <u>(228,611)</u> |

(ii) Weighted average number of ordinary shares

| | 2025 | 2024 |
|--|-----------------------------|-----------------------------|
| | 000' | 000' |
| Issued ordinary shares at the beginning of the year | 393,981 | 330,771 |
| Effect of ordinary shares issued (Note 9(b)(ii)) | 4,540 | — |
| Effect of issuance of ordinary shares with redemption rights in issue or deemed to be in issue (Note 9(b)(ii)) | 49,369 | 19,287 |
| Effect of ordinary shares with preferred redemption rights (Note 10) | (292,173) | (198,881) |
| Effect of unvested shares held for employee incentive scheme | (83,810) | (79,270) |
| | <u> </u> | <u> </u> |
| Weighted average number of ordinary share at the end of the year | <u>71,907</u> | <u>71,907</u> |

(b) Diluted loss per share

During the years ended December 31, 2025 and 2024, share-based awards granted under the Group's employee incentive schemes and ordinary shares with redemption rights (Note 10) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore the amounts of diluted loss per share were the same as basic loss per share.

7 Trade receivables

| | December 31, 2025 | December 31, 2024 |
|-----------------------------------|------------------------------|----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Gross amount of trade receivables | | |
| — Due from third parties | 178,589 | 235,333 |
| — Due from a related party | 1,604 | 1,705 |
| Less: loss allowance | (13,342) | (14,991) |
| Trade receivables, net | <u>166,851</u> | <u>222,047</u> |

All of the trade receivables are expected to be recovered within one year.

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables based on the date of revenue recognition and net of loss allowance, is as follows:

| | December 31, 2025 | December 31, 2024 |
|-------------------|------------------------------|----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | 164,305 | 220,789 |
| 1 year to 2 years | 2,546 | 1,258 |
| | <u>166,851</u> | <u>222,047</u> |

8 Trade and bill payables

| | December 31, 2025 | December 31, 2024 |
|-------------------------|------------------------------|----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade and bill payables | 158,528 | 92,581 |

All trade and bill payables are expected to be settled within one year are repayable on demand.

As of the year ended December 31, 2025 and 2024, the aging analysis of trade and bill payables, based on the invoice date, is as follows:

| | December 31, 2025 | December 31, 2024 |
|---------------|------------------------------|----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | 136,255 | 79,644 |
| Over 1 year | 22,273 | 12,937 |
| | 158,528 | 92,581 |

9 Capital, reserves and dividends

(a) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries for the year ended December 31, 2025 and 2024.

(b) Paid-in capital/share capital

(i) Paid-in capital

| | Paid-in Capital |
|---|------------------------|
| | <i>RMB'000</i> |
| Balance at January 1, 2024 | 330,771 |
| Conversion into a joint stock company | (330,771) |
| Balance at December 31, 2024 and January 1, 2025 and December 31, 2025 | — |

(ii) Share capital

Issued and fully paid:

| | Numbers of ordinary shares '000 | Share capital RMB'000 |
|--|--|----------------------------------|
| Balance at January 1, 2024 | — | — |
| Issue of ordinary shares upon conversion into a joint stock company (a) | 330,771 | 330,771 |
| Issuance of financial instruments to investors (b) | 63,210 | 63,210 |
| | <hr/> | <hr/> |
| Balance at December 31, 2024 and January 1, 2025 | 393,981 | 393,981 |
| Issuance of ordinary shares held for the employee incentive scheme (c) | 7,743 | 7,743 |
| Issuance of financial instruments to investors (d) | 81,121 | 81,121 |
| | <hr/> | <hr/> |
| Balance at December 31, 2025 | 482,845 | 482,845 |
| | <hr/> <hr/> | <hr/> <hr/> |

- (a) In March 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under the PRC GAAP as of the conversion base date were converted into 330,771,000 ordinary shares at RMB1.00 each.
- (b) In April and December 2024, the Company entered into investment agreement of Series B and Series C shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB1,367,362,000 to the Company, as partial consideration of subscription for the Company's share capital of RMB63,210,000.
- (c) In May 2025, the Group had issued 7,743,000 ordinary shares of the Company under the 2025 Employee Incentive Scheme — RSUs for replacement of outstanding scheme and new incentives for qualified participants under 2025 Employee Incentive Scheme — RSUs.
- (d) In March 2025, the Company entered into an additional investment agreement of Series C shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB375,000,000 to the Company, as consideration of subscription for the Company's share capital of RMB17,031,000. The related incremental cost of this transaction is RMB20,000,000, which was recognized against equity under capital reserve.

In December 2024, the Company initiated the Series C financing arrangement. A total cash consideration of RMB250,000,000 were prepaid by investors before the date of December 31, 2024. Subsequently, this transaction was completed and RMB11,354,000 were registered as the Company's share capital.

The Company issued 52,736,585 Series C shares with preferred rights for RMB1,161,198,000 for acquisition of non-controlling interest of Zhejiang Huatu, as consideration of subscription for the Company's share capital of RMB52,736,000.

10 Financial instruments issued to investors

Financial instruments issued to investors of the Company

Since the date of incorporation, the Company has completed several rounds of financing by issuing shares with preferred rights to investors, namely, Pre-Series A, Series A-1, Series A-2, Series A+, Series A++, Series B, and Series C financing.

In 2024, the Group entered into a convertible bond investment agreement with three investors to issue the convertible bond for a principal amount of RMB300,000,000. The convertible bond bear interest at 8% per annum. On December 27, 2024, in accordance with the existing agreements, the investors waived the RMB8,077,000 interest of the convertible bond as a capital contribution credited to other reserve account of the Group and converted the convertible bonds into 13,624,700 shares with preferred rights of the Company, at RMB22.0188 per share.

Financial instruments issued to investors of the Chongqing Chuangyuan

In 2025, the Company entered into an investment agreement with two external investors to establish a subsidiary and these investors are entitled to the preferred rights.

Key preferred rights issued to the Investor are summarized as follows:

- Redemption rights

Financial instruments issued to investors of the Company

Shareholders with preferred rights have the right to require the Company to redeem all or part of the shares at any time upon occurrence of specified triggering events, including a non-completion of a qualified IPO by a predetermined date; and Shanghai Bonasi Enterprise Management Center L.P., Jiaxing Aixin Enterprise Management Center L.P., Jiaxing Zhixin Yuanzhi Enterprise Management Partnership L.P. or the Company of the group seriously violating or failing to fulfill the provisions of any transaction documents;

The redemption price is calculated at the issue price plus all declared but unpaid dividends on such shares, and accrued interests at single rate of 6% or 8% per annum.

Financial instruments issued to investors of the Chongqing Chuangyuan

Shareholders with preferred rights have the right to require the Company to redeem all or part of the shares at any time upon occurrence of specified triggering events, including a non-completion of a qualified IPO of Chongqing Chuangyuan by a predetermined date; and the controlling party of the Chongqing Chuangyuan has changed without agreed upon by all parties;

The redemption price is calculated at the issue price plus all declared but unpaid dividends on such shares, and accrued interests at single rate of 6% per annum.

- Presentation and classification

The Company’s obligation to redeem the shares upon the occurrence of specified events, which are beyond its control, gives rise to a financial liability that is measured at the present value of the redemption price, which represents the settlement that would be triggered by the event with the highest settlement outcome. Subsequent to initial recognition, the financial liability is stated at amortized cost. Changes in the carrying amount of the financial liability arising from remeasurement of the redemption amount are recognized in profit or loss as “Changes in carrying amount of redemption liabilities”.

As at December 31, 2025 and 2024, the shares with preferred rights were classified as current liabilities as the shares with preferred rights may be converted into ordinary shares at the option of the Shareholder with preferred rights at any time and the conversion feature does not meet “fixed for fixed” criteria. The movements of the financial liabilities arising from redemption rights issued to investors during the years ended December 31, 2025 and 2024 are set out as below:

| | December 31, 2025 | December 31, 2024 |
|--|------------------------------|----------------------|
| | <i>RMB’000</i> | <i>RMB’000</i> |
| At the beginning of the year | 4,444,742 | 2,852,385 |
| Recognition of financial instruments issued to investors | 2,236,198 | 1,367,362 |
| Changes in the carrying amount | 410,364 | 224,995 |
| | <hr/> | <hr/> |
| At the end of the year | <u>7,091,304</u> | <u>4,444,742</u> |

For the financial instruments issued to investors of the Company, pursuant to the special rights termination agreement signed by the Company and the Pre-IPO Investors in June 2025, the redemption rights were terminated with effect from the day immediately preceding the date on which the Company first submits the listing application to the Stock Exchange and all other special rights of the Pre-IPO Investors shall be terminated upon the Listing, provided that all such special rights shall automatically be reinstated upon the earliest occurrence of any of the followings: (a) the Company withdraws its listing application; (b) the listing application is rejected by the CSRC or the relevant stock exchange (including but not limited to the Stock Exchange); or (c) the qualified IPO does not occur by December 31, 2027.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on February 10, 2026. The net proceeds received from the Global Offering (including the partial exercise of the Over-allotment Option), after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$2,834.9 million at the offer price of HK\$28.20 per H Share.

There has been no change in the intended use of the net proceeds as set out in the Prospectus under the section headed “Future Plans and Use of Proceeds”. Since the Listing Date and up to the date of this announcement, the Company has not utilized any part of the net proceeds. The net proceeds will be utilized in the same manner, proportion and expected timeframe as set out in the Prospectus.

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

| | Approximate percentage of the total net proceeds | Net proceeds from the Global Offering <i>(HKD' million)</i> | Expected time to utilize the remaining net proceeds in full ⁽¹⁾ |
|---|--|--|---|
| Optimize our existing technology platform | 60.0% | 1,700.9 | By the end of the year ending 2030 |
| (i) Optimize our technology platform and strengthening our platform-based R&D team development | 40.0% | 1,134.0 | By the end of the year ending 2030 |
| (ii) Acquire R&D services and expand our product portfolio and application scenarios | 20.0% | 566.9 | By the end of the year ending 2030 |
| Investment in R&D projects | 15.0% | 425.2 | By the end of the year ending 2030 |
| (i) Explore applications of emerging technologies | 10.0% | 283.5 | By the end of the year ending 2030 |
| (ii) Upgrade our R&D infrastructure and equipment | 5.0% | 141.7 | By the end of the year ending 2030 |
| Sales expansion | 5.0% | 141.7 | By the end of the year ending 2030 |

| | Approximate percentage of the total net proceeds | Net proceeds from the Global Offering <i>(HKD' million)</i> | Expected time to utilize the remaining net proceeds in full ⁽¹⁾ |
|---|--|--|---|
| Equity investments or acquisitions aimed at further integrating upstream and downstream industry resources | 10.0% | 283.5 | By the end of the year ending 2030 |
| (i) strategic investments in key upstream and downstream targets | 5.0% | 141.7 | By the end of the year ending 2030 |
| (ii) acquisitions of highly complementary or synergistic businesses | 5.0% | 141.7 | By the end of the year ending 2030 |
| Working capital and other general corporate purposes | 10.0% | 283.5 | By the end of the year ending 2030 |
| Total | 100.0% | 2,834.9 | |

Note:

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended December 31, 2025, the Group further acquired an additional 41.95% of the equity interests in Zhejiang Huatu from then shareholders by issuance of 52,736,585 Series C shares with preferred rights and payment of total cash consideration of RMB181,824,000 (including the prepayments of RMB137,824,000). As a result, the Group's equity interest in Zhejiang Huatu increase to 99.04%.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended December 31, 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of December 31, 2025 and up to the date of this announcement, the Group did not have any plans for significant external investments and capital assets.

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

As the H Shares were not listed on the Stock Exchange as of December 31, 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares (as defined under the Listing Rules)) during the year ended December 31, 2025.

MATERIAL LITIGATION

The Company was not involved in any litigation or arbitration during the year ended December 31, 2025 which could have a material and adverse effect on our financial condition or results of operations.

EVENTS AFTER THE REPORTING PERIOD

On February 10, 2026, the Company issued the 104,915,200 H Shares with par value of RMB1.00, at a price of HKD28.20 per share by initial public offering. Net proceeds from such issue approximately amounted to HKD2,803.6 million after deducting underwriting fees, commissions and related expenses.

On March 7, 2026, the Company received additional net proceeds of approximately HKD31.3 million (after deducting the underwriting fees and commissions and estimated expenses payable by the Company in connection with the partial exercise of the Over-allotment Option) for the 1,176,100 H Shares to be issued and allotted pursuant to the partial exercise of the Over-allotment Option.

Upon the Listing of the Company, all of financial instruments issued to investors of the Company will be reclassified in equity as "other reserve" in the consolidated statements of changes in equity.

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

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.

The Company has adopted the principles and all applicable code provisions set out in Part 2 of the Corporate Governance Code as its own code of corporate governance. As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, the Corporate Governance Code was not applicable to the Company during the Reporting Period. The Board is of the view that the Company has complied with all code provisions as set out in Part 2 of the Corporate Governance Code from the Listing Date and up to the date of this announcement.

The Company will continue to review its corporate governance policies and compliance with the Listing Rules and will adhere to the relevant principles as set out in the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company.

As the H Shares had not been listed on the Stock Exchange as of December 31, 2025, the Model Code was not applicable to the Company during the Reporting Period. However, specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Model Code from the Listing Date and up to the date of this announcement. During the above-mentioned period, the Company was not aware of any case of non-compliance with the Model Code by the relevant employees.

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Ms. TAN Ren and Dr. WANG Xin, and one non-executive Director, namely Mr. ZHOU Siyuan. Ms. TAN Ren, being the chairperson of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group and perform other duties and responsibilities as assigned by our Board.

The Group's annual results for the year ended December 31, 2025 and the audited consolidated financial statements for the year ended December 31, 2025 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the preparation of the financial information complies with the applicable accounting standards, the requirements of the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

DIVIDEND

The Board does not declare the payment of a final dividend to the Shareholders for the year ended December 31, 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.axera-tech.com). The annual report of the Company for the year ended December 31, 2025 will be made available for review on the same websites in due course.

AGM

The Company will inform the Shareholders at a later date about the date of the forthcoming annual general meeting and the corresponding arrangement for the closure of register of members.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

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

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| “AGM” | the annual general meeting of the Company |
| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of Directors |
| “CG Code” or “Corporate Governance Code” | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules |
| “China” or “the PRC” | the People’s Republic of China, excluding, for the purpose of this announcement (unless otherwise indicated), the Hong Kong, the Macau Special Administrative Region, and the Taiwan Region |
| “Chongqing Chuangyuan” | Chongqing Chuangyuan Zhihang Technology Co., Ltd. (重慶創元智航科技有限公司), a joint venture company established in the PRC on November 14, 2025, one of subsidiaries of our Company |
| “Company”, “our Company”, “we”, “us” or “the Company” | Axera Semiconductor Co., Ltd. (愛芯元智半導體股份有限公司) (previously known as Axera Semiconductor (Ningbo) Co., Ltd. (愛芯元智半導體(寧波)有限公司), Axera Semiconductor (Shanghai) Co., Ltd. (愛芯元智半導體(上海)有限公司) and Shanghai Zhiaixin Semiconductor Technology Co., Ltd. (上海智破芯半導體科技有限公司)), a limited liability company established in the PRC on April 20, 2020, and converted into a joint stock company with limited liability on March 8, 2024 |
| “Director(s)” | the director(s) of our Company |
| “FVOCI” | fair value through other comprehensive income |
| “FVPL” | fair value through profit or loss |

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| “Global Offering” | the offer of H Shares for subscription as described in the Prospectus |
| “Group”, “our Group”, “the Group”, “we”, “us” or “our” | our Company and its subsidiaries, or our Company and any one or more of its subsidiaries, as the context may require |
| “H Share(s)” | shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Stock Exchange |
| “ISP” | image signal processor |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong dollars”, “HKD” or “HK\$” | Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong |
| “JPY” | Japanese yen, the official currency of Japan |
| “Listing” | the listing of our H Shares on the Main Board of the Stock Exchange on February 10, 2026 |
| “Listing Date” | February 10, 2026, being the date on which dealings in our H Shares first commence on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time |
| “Main Board” | the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules |
| “NPU” | neural processing unit |

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| “Over-allotment Option” | the option granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (each for itself and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 15,737,200 additional H Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any (as defined in the Prospectus) |
| “Pre-IPO Investment(s)” | the pre-IPO investment(s) in our Company undertaken by the Pre-IPO Investor(s) |
| “Pre-IPO Investor(s)” | the investor(s) of Pre-IPO Investment(s), details of which are set out in the Prospectus |
| “Prospectus” | the prospectus in relation to the Global Offering issued by the Company dated January 30, 2026 |
| “R&D” | research and development |
| “Reporting Period” | the year ended December 31, 2025 |
| “Restricted Share Incentive Scheme” | the Restricted Share Incentive Scheme adopted by our Company on April 27, 2020, and further amended on May 13, 2025 |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “SoC” | system-on-chip |
| “SDK” | software development kit |
| “Share(s)” | ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares (prior to Listing) and H Shares (upon Listing) |
| “Shareholder(s)” | holder(s) of our Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |

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| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “treasury share(s)” | has the meaning ascribed thereto under the Listing Rules |
| “United States” | the United States of America, its territories, its possessions, and all areas subject to its jurisdiction |
| “Unlisted Share(s)” | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange |
| “USD” | United States dollars, the lawful currency of the United States |
| “Zhejiang Huatu” | Zhejiang Huatu Weixin Technology Co., Ltd. (浙江華圖微芯技術有限公司), a limited company established in the PRC on October 31, 2014, one of subsidiaries of our Company |
| “%” | per cent |

By order of the Board
Axera Semiconductor Co., Ltd.
愛芯元智半導體股份有限公司
Dr. QIU Xiaoxin

Chairperson of the Board and the Executive Director

Hong Kong, March 27, 2026

As at the date of this announcement, the Board comprises Dr. QIU Xiaoxin, Mr. SUN Weifeng, Mr. SHI Xiaoye and Mr. WANG Yuan as executive Directors; Mr. ZHOU Siyuan, Mr. GU Kaining, Ms. BAI Ting and Mr. WANG Chen as non-executive Directors; and Ms. TAN Ren, Mr. LI Jun, Dr. WANG Xin and Prof. CHEN Xin as independent non-executive Directors.