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LX Technology Group Limited

凌雄科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2436)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of LX Technology Group Limited (the “**Company**”) hereby announces the annual audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**our**”) for the year ended 31 December 2025 (the “**Year**”), together with comparative figures for the year ended 31 December 2024.

FINANCIAL SUMMARY

Net profit for the Year was approximately RMB11.1 million as compared to net loss of approximately RMB58.3 million for the year ended 31 December 2024.

Adjusted profit (a non-IFRS measure) for the Year was approximately RMB38.9 million as compared to adjusted loss of approximately RMB30.5 million for the year ended 31 December 2024.

Adjusted EBITDA (a non-IFRS measure) for the Year was approximately RMB360.9 million, representing an increase of approximately 27.3% from approximately RMB283.4 million for the year ended 31 December 2024.

Revenue for the Year was approximately RMB2,391.7 million as compared to approximately RMB2,371.7 million for the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year under review, the Group continued to advance its strategic development and operational transformation amid an evolving market environment. Through the ongoing optimisation of its operational efficiency and revenue structure, the Company enhanced its overall profitability. As a result of these initiatives, the Company successfully achieved a turnaround from net loss in the previous year to net profit for the Year, which the Board believes was primarily attributable to the increase in gross profit across all business segments and the continued improvement in operational efficiency, and reflected the Group's strategic direction and management execution. The Group also focused on contributing to the industry by upholding national standardisation efforts.

Turnaround to Profitability

Through proactive management measures and operational improvements, the Company successfully reversed its prior-year net loss position and recorded a net profit for the Year. This turnaround reflects the combined impact of revenue quality enhancement and improved operational efficiency. The improvement in financial performance also demonstrates the effectiveness of the Group's strategic realignment and its ability to respond swiftly to changing market conditions and demands.

Enhancement of Revenue Structure

The Company continued to refine its revenue mix. Resources were reallocated towards high-demand services and recurring revenue streams, enhancing both margin profile and revenue stability. This structural optimisation positions the Group for more sustainable and resilient growth in the future.

Awards and Recognition

During the Year, the Group received a number of recognitions from government authorities and industry bodies in respect of its innovation capabilities, industry contributions and standardisation efforts. The Company was recognised by The Ministry of Commerce of the People's Republic of China ("**PRC**") and various governmental institutions as a National Service Industry Standardisation Pilot Enterprise in respect of trade circulation and second-hand goods circulation, and was also named a Shenzhen Gazelle Enterprise (深圳市瞪羚企業) and the Shenzhen Top 500 Enterprises in 2025 (2025年深圳企業500強). In addition, the Company participated in industry standard-setting initiatives as an expert member of the domestic technical counterpart working group for the International Organisation for Standardisation Second-hand Goods Cross-border Trade Project Committee

(ISO/PC 245) (國際標準組織二手商品跨境貿易項目委員會(ISO/PC 245)國內技術對口工作組專家). The Company was further recognised as a 2025 Standardisation Pilot Enterprise for Recycling and Utilisation of Renewable Resources, and one of the Top Ten Outstanding Cases of Standardisation Innovation and Development in Guangdong Province in 2025 (2025年廣東省標準化創新發展十大優秀案例). These recognitions reflected the Group's continued advancement, industry development and sustainable operations.

Our Business Model

Our DLM solutions directly tackle the pain points of enterprises' management of devices. With the aim to transform enterprises' management of devices through services covering major phases of information technology (“IT”) device lifecycle, our revenue from DLM solutions during the Year was primarily generated from the following service categories:

- *Device recycling business.* We purchase de-commissioned IT devices from enterprises for use in our device subscription services after refurbishment or sale through our proprietary quotation platform. We typically target large-scale enterprises as upstream suppliers of de-commissioned IT devices. The device recycling business provides us with a stable source of de-commissioned devices.
- *Device subscription services.* Our device subscription services primarily include selecting IT devices (including brand-new devices and de-commissioned devices after refurbishment) suitable for users, assembling devices, pre-installing device configurations and customizing system settings. We offer tailor-made short-term and long-term device subscription services to satisfy our customers' needs for diverse business scenarios.
- *IT technical subscription services.* We offer IT technical subscription services primarily coupled with device subscription services and, to a lesser extent, on a standalone basis, primarily including solving problems in IT devices and keeping devices on the cutting edge of technology through system upgrades. We typically target small- and medium-sized enterprises for our subscription services.

Device recycling business

For the Year, the Group's revenue from device recycling business amounted to approximately RMB1,834.9 million as compared to approximately RMB1,835.7 million for the same period in 2024.

The following table sets forth certain of our key operating data for the years indicated:

	Year ended 31 December		Growth Rate
	2025	2024	
Number of devices sold (<i>device</i>)	882,780	972,396	-9.2%
Number of device recycling customers	3,002	2,652	13.2%
Average revenue per device recycling customer (<i>RMB</i>)	611,226	692,190	-11.7%
Average sales value (<i>RMB/device</i>)	1,437.4	1,391.1	3.3%

Device subscription business

For the Year, the Group's revenue from device subscription business amounted to approximately RMB389.3 million, representing an increase of approximately 2.6% as compared to approximately RMB379.5 million for the same period in 2024.

The following table sets forth our revenue generated from subscription services with, and total device subscription volume from brand-new devices and second-hand devices, respectively, for the periods indicated:

	Year ended 31 December		Growth Rate
	2025	2024	
Revenue from device subscription services (<i>RMB'000</i>)	389,313	379,482	2.6%
— Brand-new devices	320,993	311,416	3.1%
— Second-hand devices	68,320	68,066	0.4%
Total device subscription volume (<i>device</i>)	6,856,757	6,175,846	11.0%
— Brand-new devices	5,638,798	5,013,644	12.5%
— Second-hand devices	1,217,959	1,162,202	4.8%
Total number of devices available for subscription	613,072	627,471	-2.3%

IT technical subscription services

For the Year, the Group's revenue from IT technical subscription services amounted to approximately RMB167.4 million, representing an increase of approximately 7.0% as compared to approximately RMB156.5 million for the same period in 2024.

The following table sets forth our revenue generated from the long-term and short-term IT technical subscription services, respectively, for the periods indicated:

	Year ended 31 December		Growth Rate
	2025 (RMB'000)	2024 (RMB'000)	
Revenue from IT technical subscription services	167,449	156,549	7.0%
— Long-term subscriptions	125,322	117,847	6.3%
— Short-term subscriptions	42,127	38,702	8.8%

Future Outlook

Looking ahead, the Group will remain focused on strengthening its operational capabilities and enhancing its long-term profitability through strategic development in computility businesses, technology-driven innovation, improvements in operational efficiency and the continuous optimisation of its business structure.

Further Optimisation of Revenue Structure

The Company will continue to focus on improving the quality of its revenue by prioritising business opportunities with stronger growth prospects and higher profit margins. By allocating resources towards scalable business models, the Company aims to enhance both revenue stability and profitability. In addition, the Company will continue to explore new opportunities to expand its higher-margin business lines and develop new devices and service offerings that complement its existing capabilities.

Long-Term Strategic Development

With a strengthened financial position following the turnaround to profitability, the Company will continue to pursue sustainable growth through innovation, operational excellence and prudent financial management. In response to the growing demand arising from the development of the computility economy and the broader adoption of artificial intelligence technologies, the Company plans to further develop its computility-related device and service offerings and expand its capabilities in this area. By leveraging its technological expertise and operational experience, the Company aims to capture emerging market opportunities while enhancing the scalability and competitiveness of its business. The Company remains confident that its continued investment in technology and strategic focus on its business operations will further strengthen its competitive position and support long-term value creation for shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue comes from three service lines: (i) device recycling income; (ii) device subscription services; and (iii) IT technical subscription services. The following table sets out the breakdown of revenue by service lines during the indicated periods:

Revenue	Year ended 31 December				Growth Rate %
	2025 (Audited) RMB'000	%	2024 (Audited) RMB'000	%	
Device recycling income	1,834,900	76.7	1,835,688	77.4	0.0
Device subscription services	389,313	16.3	379,482	16.0	2.6
— Long-term device subscription	335,702	14.0	328,730	13.9	2.1
— Short-term device subscription	53,611	2.3	50,752	2.1	5.6
IT technical subscription services	167,449	7.0	156,549	6.6	7.0
Total	<u>2,391,662</u>	<u>100.0</u>	<u>2,371,719</u>	<u>100.0</u>	<u>0.8</u>

For the Year, the total revenue of the Group was approximately RMB2,391.7 million (31 December 2024: approximately RMB2,371.7 million), representing an increase of approximately 0.8% as compared with the same period in 2024, mainly attributable to the increase in revenue in the device subscription business and the IT technical subscription services business.

Device recycling income

The device recycling income during the Year remained stable as compared with the same period in 2024.

The following table sets forth a breakdown of our revenue of the device recycling business by major types of IT devices during the periods indicated:

	Year ended 31 December				Growth Rate %
	2025		2024		
	RMB'000	%	RMB'000	%	
Tablet computers and mobile phones	698,236	38.0	1,001,563	54.6	-30.3
Laptop computers and other IT devices	1,136,664	62.0	834,125	45.4	36.3
Total	<u>1,834,900</u>	<u>100.0</u>	<u>1,835,688</u>	<u>100.0</u>	<u>0.0</u>

Revenue from device subscription services

The increase in revenue from device subscription services during the Year as compared with the same period in 2024 was mainly due to the increase in total device subscription volume from 6,175,846 devices for the year ended 31 December 2024 to 6,856,757 devices for the Year as more devices were subscribed to satisfy the growing business needs of enterprises and the growing acceptance of device rental over traditional purchases by enterprises.

Revenue from IT technical subscription services

The increase in revenue from IT technical subscription services during the Year as compared with the same period in 2024 was primarily attributable to the increase in average subscription volume per month from 365,055 for the year ended 31 December 2024 to 373,079 for the Year.

Revenue by geographical locations

The following table sets forth a breakdown of our revenue by geographical location in absolute amounts and as a percentage of our revenue during the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Shenzhen	1,974,507	82.5	1,717,743	72.4
Shanghai	158,592	6.6	111,989	4.7
Beijing	109,787	4.6	96,901	4.1
Wuhan	42,028	1.8	91,581	3.9
Guangzhou	47,876	2.0	44,455	1.9
Others ⁽¹⁾	58,872	2.5	309,050	13.0
Total	2,391,662	100.0	2,371,719	100.0

Note:

(1) Others mainly include Hong Kong, Chengdu, Xiamen, Nanjing, Zaozhuang and Jingmen.

Cost of Sales

Our cost of sales consists primarily of (i) costs of inventories sold; (ii) depreciation and amortization, which primarily include depreciation of equipment for subscription; (iii) staff costs, representing salaries and welfare for our business operation personnel; and (iv) others, mainly representing costs related to short-term device subscription services such as rentals for venue and wages for temporary staff. Our cost of sales was approximately RMB2,143.5 million for the Year (31 December 2024: approximately RMB2,175.3 million), accounting for approximately 89.6% (31 December 2024: approximately 91.7%) of our revenue in the same period. The decrease in cost of sales during the Year as compared to the same period in 2024 was mainly attributable to the Group's continued efforts in enhancing operational efficiency across all business segments.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service line for the years indicated:

	Year ended 31 December			
	2025		2024	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Device recycling income	35,481	1.9	9,755	0.5
Device subscription services	108,002	27.7	93,248	24.6
IT technical subscription services	104,644	62.5	93,395	59.7
Total	248,127	10.4	196,398	8.3

Our gross profit represents our revenue less our cost of sales. For the Year, our gross profit was approximately RMB248.1 million, representing an increase of approximately 26.3% as compared with approximately RMB196.4 million for the same period in 2024. The gross profit margin of the Group increased from approximately 8.3% for the year ended 31 December 2024 to approximately 10.4% for the Year.

Device recycling

We recorded gross profit for our device recycling business of approximately RMB35.5 million for the Year as compared to approximately RMB9.8 million for the year ended 31 December 2024. Our gross profit margin of device recycling business was 1.9% for the Year, as compared to approximately 0.5% for the year ended 31 December 2024, due to the optimisation of the device mix for our device recycling business to devices with higher profit margin and our success in strategic pricing for the sale of devices during the Year.

Device subscription services

The gross profit of device subscription services increased from approximately RMB93.2 million for the year ended 31 December 2024 to approximately RMB108.0 million for the Year, mainly attributable to the increase in demand for and strategic pricing of certain popular models of devices for the Year and the increase in demand by our long-term customers to subscribe for additional devices. Our gross profit margin of device subscription services increased from approximately 24.6% for the year ended 31 December 2024 to approximately 27.7% for the Year. The average monthly utilization rates of our major types of devices for subscription increased from approximately 88.8% for the year ended 31 December 2024 to approximately 91.2% for the Year.

IT technical subscription services

The gross profit of IT technical subscription services increased from approximately RMB93.4 million for the year ended 31 December 2024 to approximately RMB104.6 million for the Year. Our gross profit margin of IT technical subscription services increased from approximately 59.7% for the year ended 31 December 2024 to approximately 62.5% for the Year, primarily attributable to the increase in revenue from IT technical subscription services which outpaced the increase in the cost of services.

Other Income

Other income was approximately RMB19.5 million for the Year as compared to approximately RMB28.0 million for the year ended 31 December 2024.

Distribution and selling expenses

The distribution and selling expenses decreased by approximately 7.2% from approximately RMB143.1 million for the year ended 31 December 2024 to approximately RMB132.8 million for the Year, primarily due to the decrease in the share-based payment expense in connection with our employee incentive plans, which decreased from approximately RMB10.4 million for the year ended 31 December 2024 to approximately RMB7.4 million for the Year. Our distribution and selling expenses as a percentage of revenue decreased from approximately 6.0% for the year ended 31 December 2024 to approximately 5.6% for the Year.

Administrative Expenses

The administrative expenses decreased by approximately 8.8% from approximately RMB93.8 million for the year ended 31 December 2024 to approximately RMB85.5 million for the Year, primarily due to the decrease in the share-based payments expense in connection with our employee incentive plans from approximately RMB22.7 million for the year ended 31 December 2024 to approximately RMB10.2 million for the Year. Our administrative expenses as a percentage of revenue decreased from approximately 4.0% for the year ended 31 December 2024 to approximately 3.6% for the Year.

Research and Development Expenses

The research and development expenses slightly decreased by approximately 12.7% from approximately RMB25.1 million for the year ended 31 December 2024 to approximately RMB21.9 million for the Year, primarily due to the decrease in the share-based payments expense from approximately RMB1.5 million for the year ended 31 December 2024 to approximately RMB0.6 million for the Year in connection with our employee incentive plans. Our research and development expenses as a percentage of revenue decreased from approximately 1.1% for the year ended 31 December 2024 to approximately 0.9% for the Year.

Finance Costs

The finance costs increased by approximately 3.1% from approximately RMB47.6 million for the year ended 31 December 2024 to approximately RMB49.0 million for the Year as we increased our borrowings to cater our funding needs for business expansion.

Income Tax Credit

For the Year, we recorded income tax credit of approximately RMB0.8 million as compared to approximately RMB5.5 million for the year ended 31 December 2024.

Profit/(Loss) and Total Comprehensive Income/(Expense) for the Year

A net profit of approximately RMB11.1 million for the Year was recorded, as compared to a net loss of approximately RMB58.3 million for the year ended 31 December 2024. The turnaround from net loss to net profit was mainly attributable to the increase in gross profit across all business segments and continued improvement in operational efficiency of the Company.

Adjusted Profit/(Loss)

The adjusted profit (a non-International Financial Reporting Standard (“IFRS”) measure) for the Year was approximately RMB38.9 million, as compared to the adjusted loss of approximately RMB30.5 million for the year ended 31 December 2024.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”)

The adjusted EBITDA (a non-IFRS measure) for the Year increased by approximately 27.3% from approximately RMB283.4 million for the year ended 31 December 2024 to approximately RMB360.9 million for the Year.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use adjusted profit and adjusted EBITDA (non-IFRS measures) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such measures provide useful information to the shareholders of the Company (the “**Shareholder(s)**”), potential investors of the Company and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management to evaluate our operating performance and formulate business plans. However, our adjusted profit and adjusted EBITDA (non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs.

We define adjusted profit/(loss) as profit/(loss) plus share-based payment expenses and exchange (losses)/gains. We define adjusted EBITDA as profit/(loss) plus finance cost, interest income, income tax credit, depreciation of property, plant and equipment and right-of-use of assets, amortisation of intangible assets, share-based payment expenses and exchange (losses)/gains. Share-based payments expense of approximately RMB18.2 million for the Year (2024: approximately RMB34.6 million) comprised expenses recognized under distribution and selling expenses, administrative expenses and research and development expenses in the amounts of approximately RMB7.4 million, RMB10.2 million and RMB0.6 million, respectively (2024: approximately RMB10.4 million, RMB22.7 million and RMB1.5 million, respectively).

A reconciliation of these non-IFRS financial measures to the nearest IFRS performance measures is provided below:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Reconciliation of profit/(loss) for the year and adjusted profit/(loss) (a non-IFRS measure)		
Profit/(loss) for the year	11,086	(58,255)
Non-IFRS measure:		
Adjusted profit/(loss)		
Add:		
Share-based payments expense	18,117	34,621
Exchange losses/(gains)	9,716	(6,880)
	<u> </u>	<u> </u>
Non-IFRS measure:		
Adjusted profit/(loss)	<u>38,919</u>	<u>(30,514)</u>
Reconciliation of profit/(loss) for the year and adjusted EBITDA (a non-IFRS measure)		
Profit/(loss) for the year	11,086	(58,255)
Add:		
Income tax credit	(802)	(5,463)
Finance costs	49,026	47,562
Bank interest income	(1,895)	(9,718)
Depreciation of property, plant and equipment and right-of-use assets	266,470	272,732
Amortisation of intangible assets	9,138	8,785
Non-IFRS measure:		
EBITDA	333,023	255,643
Add:		
Share-based payments expense	18,117	34,621
Exchange losses/(gains)	9,716	(6,880)
	<u> </u>	<u> </u>
Non-IFRS measure:		
Adjusted EBITDA	<u>360,856</u>	<u>283,384</u>

Current Assets

As at 31 December 2025, the current assets of the Group were approximately RMB1,023.8 million, representing an increase of approximately 14.6% as compared with approximately RMB893.4 million as at 31 December 2024. As at 31 December 2025, the current ratio (current assets divided by current liabilities) of the Group was approximately 1.3 times (31 December 2024: approximately 1.2 times).

Property, Plant and Equipment and Right-of-Use Assets

Our property, plant and equipment and right-of-use assets of the Group primarily consist of leased properties, equipment for subscription, office equipment, motor vehicles and lease improvement. The property, plant and equipment and right-of-use assets decreased from approximately RMB743.5 million as of 31 December 2024 to approximately RMB721.6 million as of 31 December 2025 due to the accumulated depreciation of our property, plant and equipment and right-of-use assets held.

Inventories

Our inventories primarily consist of (i) de-commissioned IT devices such as laptops, monitors, tablet computers acquired via and held for sale under our device recycling business; and (ii) device components and accessories. The inventories increased from approximately RMB102.8 million as of 31 December 2024 to approximately RMB121.9 million as of 31 December 2025, mainly due to the increase in demand in disposal of de-commissioned IT devices from upstream suppliers close to the end of the Year.

Trade and Lease Receivables

Our trade and lease receivables represent receivables from customers for (i) operating lease relating to device subscription services; and (ii) contracts with customers relating to device recycling business and IT technical subscription services. The trade and bill receivables decreased from approximately RMB255.6 million as at 31 December 2024 to approximately RMB139.9 million as at 31 December 2025, primarily due to our ongoing efforts in collection of trade and lease receivables.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments decreased from approximately RMB132.9 million as at 31 December 2024 to approximately RMB95.1 million as at 31 December 2025, primarily due to the decrease in deposits paid for purchase of IT devices close to the end of the Year.

Trade Payables

Trade payables represent procurements payable to suppliers for the purchase of IT devices. As at 31 December 2025, trade payables amounted to approximately RMB124.5 million, representing an increase of approximately RMB17.1 million as compared with approximately RMB107.4 million as at 31 December 2024 as we secured longer credit period from our upstream suppliers.

Other Payables and Accruals

Other payables primarily consist of (i) accrued staff costs and retirement benefit scheme contributions; (ii) advance from leasing customers under device subscription services; (iii) other tax payables; (iv) secured and other deposits received; (v) accrued expenses; and (vi) others.

As at 31 December 2025, other payables and accruals amounted to approximately RMB82.7 million, representing an increase of approximately RMB15.0 million as compared with approximately RMB67.7 million as at 31 December 2024, primarily due to the increase in accrued staff costs and retired benefit scheme contributions from approximately RMB31.8 million for the year ended 31 December 2024 to approximately RMB39.6 million for the Year and the increase in advance from leasing customers under our device subscription service from approximately RMB17.7 million for the year ended 31 December 2024 to approximately RMB24.1 million for the Year.

LIQUIDITY AND CAPITAL RESOURCES

Our cash requirements are principally funded by cash generated from operations and other debt financings.

Bank Balances and Cash

Our bank balance and cash consist of bank balances and cash and restricted deposits. Our bank balance and cash amounted to approximately RMB481.7 million as of 31 December 2025 (31 December 2024: approximately RMB295.9 million). The increase in bank balance and cash was primarily attributable to our ongoing efforts in collection of our trade and lease receivables as mentioned above. As at 31 December 2025, the Group's cash and cash equivalents were denominated in Renminbi, Hong Kong dollars and United States dollars.

Bank and Other Borrowings

As of 31 December 2025, we had bank borrowings with a carrying amount of approximately RMB507.3 million (as at 31 December 2024: approximately RMB531.2 million) and other borrowings of approximately RMB327.9 million (as at 31 December 2024: approximately RMB278.0 million), such borrowings comprise (i) approximately RMB819.2 million (as at 31 December 2024: approximately RMB770.6 million) of unsecured and guaranteed bank and other borrowings; and (ii) approximately RMB16.0 million (as at 31 December 2024: approximately RMB38.6 million) of secured and guaranteed bank and other borrowings.

All of our bank and other borrowings were subject to fixed interest rate. For the Year, the effective interest rates of the Group's borrowings ranged from 3.1% to 8.7% per annum (31 December 2024: 3.2% to 9.4% per annum). Our borrowings were all denominated in Renminbi and carried borrowing terms ranging from one year to three years.

Gearing Ratio

The calculation of gearing ratio is based on total debt for the year divided by total equity for the respective year and multiplied by 100.0%. The gearing ratio as at 31 December 2025 was 112.0% (as at 31 December 2024: 113.0%).

Significant Investments Held, Material Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

Future Plans for Material Investments and Capital Assets

The Group has no future plan for material investments or capital assets during the Year. However, the Group will continue to identify new opportunities for business development.

Contingent Liabilities and Commitments

We did not have any material contingent liabilities as of 31 December 2025.

Foreign Exchange Risk

The Group conducts its business with most of the transactions settled in Renminbi, while a smaller portion is settled in Hong Kong dollars and US dollars. The Group will continue to keep track of the foreign exchange risk and take prudent measures and actions to mitigate exchange risk where necessary. The Group currently has not adopted any foreign currency hedging policies during the Year.

Employees and Remuneration Policy

As at 31 December 2025, the Group had 950 full-time employees (as at 31 December 2024: 970 full-time employees). We recognize the importance of talents for sustainable business growth and competitive advantages. As part of our human resources strategy, we offer employees competitive salaries, performance-based bonuses, and other incentives. For the Year, the remunerations for our employees, but excluding the Directors' remunerations, were approximately RMB169.8 million (for the year ended 31 December 2024: approximately RMB193.8 million).

We provide on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. We also strive to create a multiple-incentive mechanism and a friendly working environment to realise our employees' full potential.

In recognition of the contributions of our employees and to incentivise them to further promote our development, the Group also adopted the LX Brothers Employee Incentive Plan and the Beauty Bear Employee Incentive Plan.

EVENTS AFTER THE REPORTING PERIOD

On 23 January 2026, an aggregate of 1,331,100 awarded Shares were granted to 78 awardees pursuant to the restricted share award scheme under the Beauty Bear Employee Incentive Plan adopted by the Company. For details, please refer to the announcement of the Company dated 23 January 2026.

Save as disclosed above, no event has taken place subsequent to 31 December 2025 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be disclosed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of the Shareholders. The Group has adopted the code provisions in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance during the Year.

Save for the deviation for reasons set out below, the Group has applied the principles of good corporate governance and complied with the Corporate Governance Code during the Year.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. Hu Zuoxiong (“**Mr. Hu**”) is performing these two roles. Mr. Hu is responsible for the overall management, operation and strategic development of our Group and has been instrumental to our growth and business operation since establishment of the Group in November 2004. Taking into account the continuation of management and the implementation of our business strategies, the Directors (including the independent non-executive Directors) consider it is most suitable for Mr. Hu to hold both the positions of chief executive officer and the chairman of the Board and the existing arrangements are beneficial to the management of our Group and are in the interests of our Company and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprises experienced and high-calibre individuals. The Board comprises four executive Directors (including Mr. Hu) and three independent non-executive Directors, and therefore has a strong independence element in its composition. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group’s circumstances.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a combined code (the “**Code**”) of conduct for securities transactions by the Directors which comprises a comprehensive “Code of Conduct for Securities Transactions by Directors” and the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules.

Upon specific enquiry, all Directors confirmed that they have complied with the Code during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Year (including sale of treasury shares (as defined under the Listing Rules)). As at 31 December 2025, the Company did not hold any treasury shares.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company established the audit committee of the Company (the “**Audit Committee**”) in compliance with the Corporate Governance Code. The Audit Committee reviewed the consolidated financial statements for the Year and considers that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the Year.

FINAL DIVIDEND

The Board has resolved not to recommend the distribution of final dividend for the Year (2024: nil).

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED (“ZHONGHUI”)

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 as set out in this preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by ZHONGHUI in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2025 ANNUAL REPORT

This announcement is published on the respective websites of the Company (www.bearrental.com) and the Stock Exchange (<http://www.hkexnews.hk>). The 2025 annual report will be despatched to the Shareholders (if requested) and will be made available on the respective websites of the Company and the Stock Exchange, as and when appropriate.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	3	2,391,662	2,371,719
Cost of sales		<u>(2,143,535)</u>	<u>(2,175,321)</u>
GROSS PROFIT		248,127	196,398
Other income	4	19,472	27,973
Other gains and losses	5	28,685	36,783
Reversal of impairment losses/(impairment losses) under expected credit loss model, net of reversal		3,457	(15,322)
Distribution and selling expenses		(132,806)	(143,127)
Administrative expenses		(85,521)	(93,803)
Research and development expenses		(21,890)	(25,058)
Finance costs	6	(49,026)	(47,562)
Share of loss of an associate		<u>(214)</u>	<u>—</u>
PROFIT/(LOSS) BEFORE TAX	7	10,284	(63,718)
Income tax credit	8	802	5,463
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>11,086</u>	<u>(58,255)</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		13,544	(56,952)
Non-controlling interests		(2,458)	(1,303)
		<u>11,086</u>	<u>(58,255)</u>
EARNING/(LOSS) PER SHARE			
— Basic (RMB)	10	<u>0.04</u>	<u>(0.19)</u>
— Diluted (RMB)		<u>0.04</u>	<u>(0.19)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment and right-of-use assets		721,561	743,472
Goodwill		21,204	21,204
Intangible assets		12,794	21,932
Deposits paid for acquisition of property, plant and equipment		9,534	9,780
Other receivables, deposits and prepayments		5,994	5,167
Restricted deposits		10,120	14,009
Deferred tax assets		11,364	13,370
Investment in an associate		5,287	—
Total non-current assets		797,858	828,934
Current assets			
Inventories		121,949	102,802
Trade and lease receivables	<i>11</i>	139,893	255,623
Other receivables, deposits and prepayments		89,087	127,685
Financial assets at fair value through profit and loss (“FVTPL”)		201,301	125,431
Restricted deposits		11,087	4,915
Cash and cash equivalents		460,477	276,940
Total current assets		1,023,794	893,396
Current liabilities			
Trade payables, other payables and accruals	<i>12</i>	207,181	175,060
Tax liabilities		52	—
Borrowings		555,331	585,481
Lease liabilities		5,507	5,503
Contract liabilities		3,219	2,309
Total current liabilities		771,290	768,353
Net current assets		252,504	125,043
Total assets less current liabilities		1,050,362	953,977

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current liabilities		
Borrowings	279,833	223,711
Lease liabilities	20,874	6,934
Deferred tax liabilities	4,250	7,130
	<u>304,957</u>	<u>237,775</u>
Total non-current liabilities		
	<u>304,957</u>	<u>237,775</u>
NET ASSETS	<u>745,405</u>	<u>716,202</u>
Capital and reserves		
Share capital	3,158	3,158
Reserves	742,772	711,111
	<u>745,930</u>	<u>714,269</u>
Non-controlling interests	(525)	1,933
	<u>(525)</u>	<u>1,933</u>
TOTAL EQUITY	<u>745,405</u>	<u>716,202</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

LX Technology Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 January 2022 under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) effective from 24 November 2022. The respective addresses of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and principal place of business is 501, 5th Floor, Cuilin Building, 10 Kaifeng Road, Maling District, Meilin Street, Futian District, Shenzhen, China.

The Company is an investment holding company and the Company and its subsidiaries (collectively, referred to as the “**Group**”) are engaged in device recycling business, provision of device subscription services and information technology (“**IT**”) technical subscription services.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise IFRS; IAS; and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has already commenced an assessment of the impact of these new IFRS Accounting Standards but is not yet in a position to state whether these new IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION AND REVENUE

Segment Information

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's segment revenue and the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Specifically, the Group's reportable segments under IFRS 8 Operating Segments are as follows:

- (1) Device recycling business
- (2) Device subscription services

Year ended 31 December 2025

	Device recycling business RMB'000	Device subscription services RMB'000	Total RMB'000
Device recycling income			
— Mobile devices	698,236	—	698,236
— Non-mobile devices	1,136,664	—	1,136,664
Device subscription services			
— Short-term device subscription (<i>note 3(i)</i>)	—	53,611	53,611
— Long-term device subscription (<i>note 3(iv)</i>)	—	335,702	335,702
IT technical subscription services	—	167,449	167,449
	<u>1,834,900</u>	<u>556,762</u>	<u>2,391,662</u>

Year ended 31 December 2024

	Device recycling business RMB'000	Device subscription services RMB'000	Total RMB'000
Device recycling income			
— Mobile devices	1,001,563	—	1,001,563
— Non-mobile devices	834,125	—	834,125
Device subscription services			
— Short-term device subscription (<i>note 3(i)</i>)	—	50,752	50,752
— Long-term device subscription (<i>note 3(iv)</i>)	—	328,730	328,730
IT technical subscription services	—	156,549	156,549
	<u>1,835,688</u>	<u>536,031</u>	<u>2,371,719</u>

Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 December		As at 31 December	
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	2,377,189	2,104,000	763,795	796,388
Hong Kong	14,473	267,719	6,585	—
	<u>2,391,662</u>	<u>2,371,719</u>	<u>770,380</u>	<u>796,388</u>

In presenting the geographical information, the revenue information is based on the locations of the customers while the non-current assets information is based on the location of assets and excludes other receivables, deposits and prepayments, restricted deposits and deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	<u>N/A</u>	<u>344,532*</u>

Note: Revenue from customers A are derived from device recycling business. During the years ended 31 December 2025 and 2024, no other customers contributed over 10% of the total revenue of the Group.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the years ended 31 December 2025.

Revenue

- (i) Disaggregation of revenue from contracts with customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Type of goods or services		
Device recycling income	1,834,900	1,835,688
IT technical subscription services	167,449	156,549
Short-term device subscription	53,611	50,752
	<u>2,055,960</u>	<u>2,042,989</u>
Timing of revenue recognition		
At a point in time	1,834,900	1,835,688
Over time	221,060	207,301
	<u>2,055,960</u>	<u>2,042,989</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Device recycling income	1,834,900	1,835,688
Device subscription services	221,060	207,301
	<u>2,055,960</u>	<u>2,042,989</u>
Revenue from contracts with customers		
Lease income from device subscription services (note 3(iv))	335,702	328,730
	<u>2,391,662</u>	<u>2,371,719</u>

- (ii) Performance obligations for contracts with customers

The Group de-commissions IT devices from corporate users for selling through external e-commerce platforms or own platform. The device recycling income represents income from sales of the recycled devices, including mobile devices (tablet computers and mobile phones) and non-mobile devices, and revenue is recognized when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been delivered out to customers' designated locations or picked up by customers. The Group requests a deposit of total consideration from certain customers when they entered into contracts with the Group. Contract liabilities are recognized when the Group receives such deposits from customers before goods are transferred.

Short-term device subscription services are one-time packages to customers with short-term equipment needs for events such as offline large-scale examination, exhibitions, technology conferences, shopping festival or other business activities. The Group provide the IT devices together with on-site services for network set up, maintenance and repairment in case of device failure and timely retrieval of devices upon completion of use of the devices. Such contracts are assessed to be service contracts under IFRS 15 and revenue is recognized over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs. The subscription period is usually less than three months and the revenue is recognized on straight line basis over the subscription term. The customers generally pay one-time service fees with credit term of 0 to 180 days.

Long-term device subscription services include provision of IT devices to customers for a minimum period of six months with a periodic plan. The Group also provide IT technical subscription services coupled with the device subscription services during the subscription period. The contracts of long-term device subscription services are assessed to include both lease (as disclosed in note 3(iv) below) and non-lease components (IT technical subscription services). The customers generally pay subscription fees including the IT technical subscription services monthly or quarterly with credit terms of 0 to 180 days.

Revenue relating to the IT technical subscription services, which primarily include providing stand-ready services to solve problems and repairs and maintenance services in relation to the IT devices and coupled with device subscription services, standalone, or on a project basis, is recognized over time on a straight line basis over the subscription period, as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

- (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

At 31 December 2025

	IT technical subscription services RMB'000	Short- term device subscription services RMB'000
Within one year	140,323	6,144
More than one year but not more than two years	13,450	—
More than two years	4,462	—
	<u>158,235</u>	<u>6,144</u>

At 31 December 2024

	IT technical subscription services <i>RMB'000</i>	Short- term device subscription services <i>RMB'000</i>
Within one year	124,166	6,007
More than one year but not more than two years	11,572	—
More than two years	3,188	—
	<u>138,926</u>	<u>6,007</u>

- (iv) The revenue from long-term device subscription of equipment to the customers with fixed subscription payments for year ended 31 December 2025 amounted to RMB335,702,000 (2024: RMB328,730,000) which represent revenue arising from operating leases under IFRS 16. Subscription deposits are waived as long as the customers met the required credit information and passed the Group's internal risk assessment.

Undiscounted lease payments receivable on leases are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	357,621	345,254
In the second year	31,091	44,438
In the third year	9,842	16,933
	<u>398,554</u>	<u>406,625</u>

4. OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	1,895	9,718
Government subsidies (<i>note</i>)	12,071	11,787
Compensation income from customers	5,246	6,468
Sundries income	260	—
	<u>19,472</u>	<u>27,973</u>

Note: Government subsidies mainly represent industry-specific subsidies granted by the government authorities with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.

5. OTHER GAINS AND LOSSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividend income	8,970	5,518
Gain on disposal of property, plant and equipment	44	261
(Loss)/gain on termination of lease	(65)	18
Foreign exchange (losses)/gains	(9,716)	6,880
Fair value change of financial assets at FVTPL	28,812	24,106
Gain on bargain purchases of an associate	601	—
Gain on dissolution of a subsidiary	39	—
	<u>28,685</u>	<u>36,783</u>

6. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on borrowings	48,063	46,608
Interest expenses on lease liabilities	963	954
	<u>49,026</u>	<u>47,562</u>

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is stated after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Directors' emoluments	5,459	7,854
Other staff costs:		
Salaries, allowances and other benefits in kind	144,512	155,499
Retirement benefit scheme contributions	8,919	8,241
Equity-settled share-based payments expense	16,372	30,100
	<u>169,803</u>	<u>193,840</u>
Auditors' remuneration		
— Audit service	2,350	2,200
— Non-audit services	450	400
	<u>266,470</u>	<u>272,732</u>
Amortisation of intangible assets	9,138	8,785
(Reversal of write-down)/write-down of inventories	(2,469)	1,986
Cost of inventories recognized as an expense	1,670,641	1,526,730

8. INCOME TAX CREDIT

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax — the PRC		
Charge for the year	27	16
Under/(Over)-provision in prior years	45	(22)
Deferred tax	<u>(874)</u>	<u>(5,457)</u>
	<u>(802)</u>	<u>(5,463)</u>

9. DIVIDEND

No dividend was declared or paid by the Company for the years ended 31 December 2025 and 2024, nor any dividend been proposed since the end of the reporting period.

10. EARNING/(LOSS) PER SHARE

The calculation of the basic and diluted earning/(loss) per share attributable to owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earning/(loss) for the year attributable to owners of the Company for the purposes of basic and diluted earning/(loss) per share	<u>13,544</u>	<u>(56,952)</u>
	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earning/(loss) per share	308,378,399	306,927,579
Effect of dilutive potential ordinary shares:		
— Share options and share awards	<u>23,823,979</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earning/(loss) per share	<u>332,202,378</u>	<u>306,927,579</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earning/(loss) per share has been determined without taking into account of shares held by LX Brothers Technology Limited and Beauty Bear Technology Limited for employee incentive platforms of the Group.

Diluted earning/(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 diluted loss per share is the same as the basic loss per share for the year ended 31 December 2024 because the Company's share options and share award outstanding during the year was anti-dilutive.

11. TRADE AND LEASE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade and lease receivables		
— third parties	163,409	276,622
— related parties	678	6,652
	<u>164,087</u>	<u>283,274</u>
Less: allowance for expected credit losses	(24,194)	(27,651)
	<u>139,893</u>	<u>255,623</u>

The following is an aged analysis of trade and lease receivables, net of allowance for expected credit losses, presented based on the revenue recognition dates at the end of each reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	126,668	232,594
More than 3 months but within 6 months	3,837	7,861
More than 6 months but within 1 year	3,250	10,626
Over 1 year	6,138	4,542
	<u>139,893</u>	<u>255,623</u>

As at 31 December 2025, included in the Group's trade and lease receivables balance are debtors with aggregate carrying amount of RMB57,245,000 (2024: RMB33,513,000) which are past due. Out of the past due balances, RMB9,358,000 (2024: RMB13,645,000) has been past due over 90 days and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	124,487	107,382
Other payables and accruals		
Accrued staff costs and retirement benefit scheme contributions	39,570	31,763
Advance from leasing customers under device subscription service	24,058	17,733
Other tax payables	6,173	4,296
Secured and other deposits received	6,953	7,580
Accrued expenses	5,940	6,306
	82,694	67,678
	207,181	175,060
Represented by:		
— third parties	206,628	174,539
— related parties (<i>note</i>)	553	521
	207,181	175,060

Note: The Group has payable to its related parties at the end of reporting period for purchase of IT equipment, certain operating expenses, including marketing and promotion services.

The credit period on trade payables ranges from 0 to 90 days. The aging analysis of the Group's trade payables based on the invoice dates at the end of reporting period are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	101,521	101,483
6–12 months	537	3,127
Over 1 year	22,429	2,772
	<u>124,487</u>	<u>107,382</u>

By order of the Board
LX Technology Group Limited
Hu Zuoxiong
Chairman

Shenzhen, the PRC, 27 March 2026

As at the date of this announcement, the Board comprises Mr. Hu Zuoxiong as Chairman and executive Director, Mr. Chen Xiuwei, Mr. Cao Weijun and Ms. Chen Shuang as executive Directors, and Ms. Xu Nailing, Mr. Yao Zhengwang and Mr. Zou Shenghe as independent non-executive Directors.