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PATEO

PATEO CONNECT Technology (Shanghai) Corporation

博泰車聯網科技(上海)股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 2889)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED DECEMBER 31, 2025

The board (the “**Board**”) of directors (the “**Directors**”) of PATEO CONNECT Technology (Shanghai) Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited annual consolidated results of the Company for the year ended December 31, 2025 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2024. These annual results have been extracted from the audited financial statements of the Company and have been reviewed by the audit committee (the “**Audit Committee**”) of the Board.

In this announcement, “we”, “us”, “our” or “PATEO CONNECT” refer to the Company and, where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended December 31,		YoY Change
	2025	2024	
	<i>(RMB in thousands) (audited)</i>		
Revenue	3,509,726	2,557,003	37.26%
Gross profit	434,191	301,002	44.25%
Loss before tax	(1,093,701)	(540,793)	102.24%
Loss for the year	(1,093,711)	(540,820)	102.23%
Non-IFRS Measure:			
Adjusted net loss for the year ^{Note 1}	(239,823)	(352,413)	(32%)

Note 1: We define adjusted loss for the year as loss for the year adjusted by adding back share-based payments and listing expenses. For more details about non-IFRS measures, see the sub-section headed “Management Discussion and Analysis — Non-IFRS Measures”. We believe that this change in definition is more meaningful for management review and analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Overview

In 2025, the leading advantages of the automobile industry in China continued to stand firm, the production volume and sales volume for the year reached 34.531 million units and 34.40 million units, respectively, representing a year-on-year increase of 10.4% and 9.4%. The scale of production volume and sales volume achieved another record high. Meanwhile, the industry technology paradigm is undergoing deep evolution. The penetration rate of the China's smart cockpit continued to increase and AI cockpit solutions have progressed from the R&D phase to the vehicle integration phase. AI cockpit is transforming from “defined by hardware” to “defined by software” and working towards the new “AI defined automobile” phase at full speed. During the progress, major large models such as Doubao (豆包), Qwen (通義千問) and DeepSeek are rapidly deploying to automobiles. The deep integration of AI technology and multimodal interactions is driving the evolution of automobiles from traditional transportation tools to smart mobile spaces that combines work, entertainment, and social interaction. AI has become the core driving force leading the intelligent transformation of the automotive industry.

We are a provider and ecosystem builder of integrated software-hardware-chip-cloud solutions for automobiles and mobile terminals with AI technology at the core. According to CIC, we stand among the few enterprises that first developed smart cockpit solutions, ahead of most of our peers. While other smart cockpit solution providers primarily focus on hardware, we differentiate ourselves by offering smart cockpit solutions that integrate software, hardware and cloud-based services. This approach ensures an integrated solution tailored to meet diverse customer needs.

For the year ended December 31, 2025, the Company's revenue was RMB3,509.7 million, with gross profit of RMB434.2 million and a gross profit margin of 12.4%. The increase in revenue and gross profit of the Company was mainly attributable to the significant increase in delivery volume for the year. In 2025, delivery volume of smart cockpit domain controllers of the Company reached 1.3 million units, representing an increase of over 40% as compared to 2024, fully demonstrating the Company's products are highly recognized by the market and the demand is strong. The Company continues to deepen smart cockpit AI deployment which provides strong support for the Company to further increase its market share.

While the Company is continuously deepening its core business of smart cockpit, it actively promotes the AI technological strategic deployment, continues to increase R&D investment in areas such as AI large model on-device deployment, end-cloud collaboration, multimodal interaction, and AI Agents, and deepen technological exploration in cutting-edge fields such as cockpit-driving integration and embodied intelligence. We are committed to creating value through AI innovation, promote industry transformation with technological advancement and bring continuous momentum to the smart automobile industry and the broader technological ecosystem.

For the year ended December 31, 2025, the Company's revenue from AI software and cloud-based intelligent services (including AI related technological development services provided to the customers, AI technology-based cloud data intelligence, intelligent operation and maintenance and intelligent customer services) was approximately RMB95.1 million. The application of AI technology in R&D services and cloud-based vehicle connectivity continues to deepen.

Business Review

Our Products

Commercialization progress

In respect of the domestic market, the Company demonstrated strong business growth momentum, and carried out the business in an orderly manner and progressed steadily. The construction of intelligent system revolving the next generation of AI automotive has been initially established in terms of scale. As a leading smart cockpit solution provider, the Company is focusing on and promoting the R&D, production and delivery of our high-end flagship products, as well as driving the increase of the sales volume of low-end and mid-end products. In the high-end market, we are focusing on the core platforms of the Snapdragon 8295, Snapdragon 8397 and Kirin 9610A, making us one of the few suppliers in the industry that can provide smart cockpit solutions based on these two platforms at the same time; in the low-end and mid-end markets, we are continuing to expand our market share and consolidate our competitive advantages. We will continue to strengthen our product competitiveness and market share to consolidate our leading position.

- In 2025, the Company secured several new high-end cockpit design wins, including the existing products of the Company's Snapdragon 8295 and Snapdragon 8397 platforms, of which the number of design wins for the Company's Snapdragon 8295 platform continues to increase and steadily move towards mass production. Snapdragon 8397 platform products have secured design wins from top domestic automobile groups and new forces, and the Company's high-end cockpit design wins have integrated leading AI applications in the industry, which will be put into mass production in 2026. In the future, the Company will continue to expand the mass production of the Snapdragon 8295 platform for swift adaptation by domestic OEMs to further expand its market share. Meanwhile, we strive to acquire more customers for the Snapdragon 8397 platform to promote the iteration and upgrade of this high-end platform in the PRC, so as to maintain the leading position of the Company in high-end products in the domestic market. The cooperation between the Company and the smart cockpit based on the Kirin 9610A high-end chips platform continues to deepen, and the range of supporting models has expanded significantly. Meanwhile, in order to meet the fast-growing market demand, the Company completed the scale-up and layout of the production capacity of its high-end cockpit platform, laying a solid supply chain foundation for the continuous expansion of market share.

In respect of international business, the Company actively promoted its globalization strategy, made significant breakthroughs and substantial progress in its overseas business, and further improved the ecological layout of its overseas cockpit products.

- In 2025, the Company's cooperation with a European global luxury car manufacturer went smoothly and we continue to deepen the scope of the cooperation. The delivery of cockpit products will cover a variety of AI application functions, and products are expected to be delivered in 2026. Meanwhile, the Company's cooperation with an internationally renowned OEM went smoothly, and the Company added more models to its existing design wins, and the models have completed the relevant qualification certifications in more than 100 countries. It is expected that the targeted models will firstly cover Australia, Southeast Asia, South America, the Middle East and other regions.

In respect of vehicle connectivity support services, during the year, the Company integrated AI technology into the full process of cloud-based vehicle connectivity, effectively breaking through the bottleneck of the traditional service model, promoting the realization of high-quality and intelligent business upgrades, and bringing new momentum for the Company's performance growth. For the year ended December 31, 2025, the Company added 24 design wins delivery projects, of which 20 were renewals of existing customers and businesses, reflecting customers' continued recognition of the Company's service quality and delivery capabilities, and maintaining a stable business base. At the same time, the Company focused on expanding AI-driven cloud-based intelligent applications, establishing in-depth cooperation with top-tier large model manufacturers to jointly create intelligent service scenarios, expanding the base of business customers and obtaining relevant project design wins.

In respect of intelligent manufacturing, in 2025, the Company's production and manufacturing segment achieved significant results in quality cultivation, capacity expansion and delivery excellence. Through the extensive adoption of automated production lines and intelligent logistics systems, we have realized the data interoperability in the whole process, covering orders, production, logistics and sales. Meanwhile, we have established a unified data center and visualization platform by promoting the efficient synergy of core systems, such as ERP, MES, QMS, etc., and strengthened the ability of data-driven decision-making, which has significantly improved production efficiency and product quality. In the future, we will continue to focus on the frontiers of intelligent manufacturing, and continue to enhance our intelligent manufacturing capabilities to a higher level.

In respect of R&D and innovation, the Company actively promoted R&D and innovation with AI as the strategic core, and accelerated towards the new phase of “AI-defined automobile”. In 2025, the Group incurred R&D expenses of RMB379,332,000, representing a significant increase from RMB207,279,000 in 2024. As of December 2025, the Company has applied for more than 6,000 patents, 1,909 patents have been granted, including 1,039 invention patents. As of December 31, 2025, our R&D team consists of 709 specialists, representing 33.7% of our total workforce, among which 86.7% hold a bachelor’s degree or above.

- The Company cooperated with a European global luxury car manufacturer to create an integrated AI application of large-model smart car manual and maintenance appointment, which integrated vehicle professional knowledge and large-model technology. It created an immersive experience of voice interaction + visual confirmation and realized smart car manual Q&A, maintenance appointment, and intelligent processing of exceptional scenarios, and supported multi-vehicle management and personalized service. The application solved the pain points of slow traditional car manual inquiry, tedious maintenance appointment, unnatural interaction and lack of personalized service, significantly improved service efficiency and problem solving ability, and restructured the luxury car service ecosystem.

We offer OEMs and Tier-1 supplier customers comprehensive smart cockpit solutions and vehicle connectivity support services that enhance vehicle intelligence, driving safety, convenience and connectivity for both drivers and passengers.

During the Reporting Period, we generated a substantial portion of our revenue from smart cockpit solutions and the revenue from this business continued to grow both in absolute amount and as a percentage of our total revenue. In addition to providing domain controllers and other components, we also provide stand-alone R&D services to customers and charge them R&D services fees when these customers specifically engage us for conducting R&D activities to design and develop products or solutions based on their requirements pursuant to their contracts with us. Meanwhile, we continued to serve major OEM customers with our vehicle connectivity support services and maintained a stable scale of this business. The following table sets forth a breakdown of our revenue by offering of products and services for the periods indicated.

For the year ended December 31,
2025 **2024**

Amount % of total Amount % of total
(RMB in thousands, except for percentages)

Smart cockpit solutions

Domain controllers ⁽¹⁾	3,022,534	86.1	1,959,008	76.6
Cockpit components ⁽²⁾	104,586	3.0	158,507	6.2
R&D services	286,197	8.2	323,893	12.7

Subtotal	<u>3,413,317</u>	<u>97.3</u>	<u>2,441,408</u>	<u>95.5</u>
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Vehicle connectivity support services

services	86,729	2.5	110,228	4.3
Others⁽³⁾	<u>9,680</u>	<u>0.2</u>	<u>5,367</u>	<u>0.2</u>

Total revenue	<u>3,509,726</u>	<u>100.0</u>	<u>2,557,003</u>	<u>100.0</u>
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Notes:

- (1) Consist of domain controllers and modules sold to our customers. These modules are used in smart cockpit domain controllers, possessing certain computing capabilities to either enhance processing and performance capabilities of a domain controller or perform communication or other functions for a domain controller.
- (2) Consist primarily of screens, T-boxes, microphones, wires, antennas, speakers and software (including application software which are purchased separately by customers from our domain controllers).
- (3) Consist primarily of revenue generated from our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

Smart cockpit solutions

We develop smart cockpit solutions and products for OEMs and Tier-1 supplier customers leveraging our core vertical integrated competencies in product design and development, function development, and in-house production. Smart cockpit solutions are enabled by the domain controller and a number of other devices connected to it, including displays, T-Box, cameras, microphones, speakers, wires, and antennas. Empowered by various layers of software, including operating systems and application software, the domain controller integrates functions including vehicle interaction and control, navigation, AR-HUD, instrument cluster displays, DMS, OMS, infotainment, and connectivity with other devices and networks. Our customers have the flexibility to choose an integrated solution that combines domain controllers deployed with our proprietary operating system (namely QingOS) with various hardware components - such as displays and other devices- assembled by us and tailored to their vehicle design. Alternatively, some customers opt to purchase individual components from us, including domain controllers, in-vehicle application software, displays, or other hardware components, based on their specific needs. In addition to offering full-spectrum product development capabilities, we also provide assembly services for certain customer, using the raw materials and accessories they supply to produce domain controllers. We also provide stand-alone R&D services to a diverse range of participants in the intelligent automotive industry, such as OEMs, Tier-1 supplier customers and in-vehicle application providers, transforming their conceptual requirements for smart cockpit hardware and software, including operating systems, application software and cloud-based software, into reality. Our R&D services enable our customers to enhance smart cockpit functionality and enrich the intelligent vehicle ecosystem.

AI cockpit

As one of the most important carriers for the on-device implementation of AI models, the AI computing power of smart cockpit is rapidly increasing to meet the growing on-device AI demand of the vehicle. Based on customer demand, we have integrated a chip solution with high AI computing power into the domain control of the smart cockpit.

During the year, the Company continued to deepen the AI layout of smart cockpit, focusing on model optimization and application in the domain of smart cockpit, and building an on-device large model focusing on in-vehicle scenarios around the construction of the intelligent system of next-generation AI vehicles. We have established in-depth cooperation with a number of leading large model enterprises to jointly explore the deployment of on-device multimodal models, AI function development, model conversion services, and the construction of end-cloud collaboration frameworks, so as to realize the application of various types of in-vehicle AI scenarios. The Company constructed the core competitiveness of “algorithm—computing power—scenarios”, and through the optimization of exclusive

algorithms for in-vehicle scenarios, chip architecture-level multi-NPU computing power synergy, and the application construction capabilities of full-modality perception and full-scenarios services, the Company has solved the problems of real-time operation, stability, and low power consumption of large model in in-vehicle scenarios, and realized the transformation of general-purpose AI capabilities into in-vehicle-specific intelligent services and provided a solid AI technology base for smart cockpit, driving-cockpit synergy, and full-scenario mobility services.

Vehicle Connectivity Support Services

We primarily provide OEM customers with vehicle connectivity support services, including (i) user support services which assist OEMs to provide car owners with assistance, and (ii) platform maintenance services for vehicle connectivity platforms — whether developed by OEMs or by us — to enhance their stability, performance, system and data security, and adaptability to evolving business needs.

During the year, the Company deeply integrated AI technology into its cloud-based vehicle connectivity business system to promote the upgrade of traditional vehicle connectivity services to an AI-driven intelligence service model, bringing new momentum for business growth.

In respect of data intelligence, the Company built AI intelligent analysis models to efficiently process the massive multi-dimensional data generated by the vehicle connectivity scenarios, accurately portray users' driving habits and demand profiles, and provide personalized service recommendations. Meanwhile, the Company optimized AI mapping capabilities and opened up third-party ecological API interfaces to realize the efficient interface between users' demands and service responses, and to expand the service boundaries.

In respect of intelligent operation and maintenance, the Company relies on AI algorithms to build an intelligent malfunction warnings model to monitor the operational status of terminal equipment and network transmission in real time, and to assess potential malfunction in advance, thereby effectively reducing the incidence of malfunction and manual operation and maintenance costs. Meanwhile, with the AI-driven operation and maintenance knowledge base, the Company can quickly match the solutions to work order problems, and improve the efficiency and accuracy of work order processing.

In respect of intelligent customer service, the Company utilizes AI technology to achieve rapid analysis and precise identification of customer requests, builds an intelligent knowledge retrieval system, and constructs an “AI+Manual” synergistic service model, which effectively reduces repetitive manual operations, improves the efficiency of handling customer inquiries and complaints, and further enhances customer satisfaction.

Outlook and Planning

Along with the constant progression of automotive intelligence, automobile products are rapidly evolving from being driven by traditional hardware functions to data driven and deep AI integration. AI Agents are gradually becoming important carriers for intelligent interaction and service upgrades. The Company strives to become a provider and ecosystem builder of integrated software-hardware-chip-cloud solutions for automobiles and mobile terminals with AI technology at the core. In line with the industry trends, the Company continuously advances the development of related technologies, products and business capabilities, focusing on aspects such as AI technology deployment, high-end market expansion, globalization deployment, industrial ecosystem synergy and operational capability enhancement.

Continuous Deepening of AI Technology Deployment to Capture Development Opportunities Brought Upon by AI Agent

Under the development trends of automotive intelligence, AI technology is accelerating the evolution of product form and user experience. As the intelligence level of automobiles continues to advance, related products are evolving from traditional integrated functions to multimodal perception, intelligent interaction and scenario-based services. The application of AI Agents in voice interaction, visual perception, scenario understanding, task collaboration and service invocation is gradually deepening, driving human-machine interaction from passive response to a more natural collaborative approach. The Company established a technical system covering on-device model deployment, cloud-based vehicle connectivity synergy and multimodal interaction in AI related technologies, possessing the fundamental capability to support the implementation of the abovementioned trends.

At the same time, as the need for on-device AI application continues to increase, mainstream large models such as Doubao (豆包), Qwen (通義千問) and DeepSeek are rapidly deploying to automobiles.

As the AI computing power of next generation chip solution such as Snapdragon 8397 greatly advanced, the Company is promoting the implementation of related AI cockpit solutions, enabling customers to deploy AI large models in automobiles and implement application functions. The Company possesses relevant technological capabilities and will continue to advance the development of related products and solutions taking into account the industry trends and customer needs.

The Company will continue to advance the R&D of AI related technologies and products development, improve end-cloud synergies and promote the continuous evolution of on-device model deployment, cloud-based vehicle connectivity synergy and multimodal interaction capabilities. Meanwhile, the Company entered into a strategic cooperation framework agreement with China Ping An Property & Insurance to commence cooperation focusing on “AI + Vehicle Connectivity Technologies + Insurance Services”. The Company will continue to invest in the R&D of AI algorithms, multimodal perception and AI related applications, and constantly enhance our product and technological capabilities.

Deep Cultivation of HarmonyOS Ecosystem and Capture the Opportunities for Ecosystem Synergy with Industry Leaders

HarmonyOS Ecosystem continues to develop and has become an essential part of China’s automotive intelligence market. According to the official information of HIMA (鴻蒙智行), in 2025, HIMA delivered a total of 589,107 automobiles, representing a year-on-year increase of 32%. It is expected that HIMA will maintain the strong growth momentum in 2026.

The Company’s self-developed QingOS possesses high level of openness and compatibility. It is compatible with mainstream operating systems such as HarmonyOS, Linux, Android and QNX, and deeply synergizes with Kirin 9610A processor, providing a strong support for the implementation of “domestic chip + in-house system” solution. The Company is a founding member of the OpenHarmony Working Committee and one of the few suppliers on the market that can provide complete smart cockpit solution based on the Kirin 9610A processor and HarmonyOS operating system. The Company completed a patent cross-licensing cooperation with Huawei in 2022. The said ecosystem positioning provides the Company with differentiated competitive advantages among the domestic smart cockpit solutions.

The Company will continue to deepen its cooperation with HarmonyOS Ecosystem, combine existing technological accumulation and mass production and delivery capabilities to continuously serve HIMA’s relevant brand models. As HarmonyOS Ecosystem continues to expand in the automotive industry, there is room for related business expansion. Furthermore, combining the Company’s cockpit software, manufacturing, and AI capabilities, we are enabling HarmonyOS Ecosystem to further develop other products.

Advance the Deployment of Cockpit-Driving Integration Technologies and Ride on the Trend of Cross-Domain Integration and Development

Against the backdrop of the continuous evolution of automotive intelligence, cockpit-driving integration is becoming an important technological focus of the industry. As smart cockpits, driver assistance systems and overall automobile intelligence functions continue to merge, related products are placing higher requirements on cross-domain synergy, computing platforms, software architecture and system integration capabilities. At the same time, with L3/L4 autonomous driving technology rapidly entering the commercialization window period and the constant promotion of advanced autonomous driving applications such as Robotaxi, higher requirements are placed on cockpit intelligent interaction and scenario-based service capabilities—as drivers are gradually freed from driving tasks, the automotive cockpit is rapidly evolving from a functional carrier to a “third space”, further highlighting the experiential value of smart cockpits. The continuous development of AI technology in multimodal perception, scenario understanding, driver state monitoring, end-to-end intelligence and functional synergy also provides new technical support for cockpit-driving integration applications.

The Company will leverage the accumulated experience in software and hardware R&D, system integration and engineering mass production in the smart cockpit to continuously advance the development of cockpit-driving integration technologies and product capabilities. It will also carry out R&D focusing on AI applications, cross-domain fusion architecture and scenario-based functional synergy. Meanwhile, the Company entered into strategic cooperation with SenseTime to explore the integrated application of AI large models in smart cockpits and related cutting-edge technologies, leveraging SenseTime’s technological expertise in visual perception and large models to accelerate the continuous improvement of cockpit-driving integration products and solution capabilities.

Strengthen the High-End Market Position and Deepen Strategic Cooperation with Core Customers

The Company continues to focus on the mid- and high-end automotive intelligence segment and has established a leading position in the high-end smart cockpit market. According to the Gaogong Intelligent Vehicle Research Institute, in 2025, PATEO CONNECT ranked first in market share for pre-installed cockpit domain control in the PRC market of mid- and high-end domestic brand passenger vehicles above RMB250,000.

The Company’s businesses cover multiple mainstream automobile manufacturers. The core product, domain controllers, has been used by a top domestic new energy vehicle manufacturer, as well as leading new energy vehicle brands such as Dongfeng Voyah. The Company established business partnerships with a domestic major state-owned automobile manufacturer or domestic major automobile manufacturer and Dongfeng Motor Group. FAW Group and Dongfeng Motor Group are also shareholders of the Company, demonstrating the recognition of the Company’s technological strength and long-term development by these automobile manufacturers.

The Company will continue to advance cooperation with ecosystem partners regarding chips and operating system, improve our product portfolio focusing on mainstream high-computing power platforms, and enhance product value as technology platforms continue to iterate. Meanwhile, the Company will further expand its customer base, deepen cooperation with key automobile manufacturers in cutting-edge areas including AI smart cockpits, consolidate the competitive advantages in the mid- and high-end market and steadily advance related businesses.

Accelerate Globalization Deployment and Expand Overseas Automotive Intelligence Business

The Company will continue to advance its globalization deployment and steadily expand its overseas business leveraging on its experience in automotive intelligence related R&D, system integration and engineering delivery accumulated in the PRC market. The Company will continue to strengthen cooperation with international automotive customers and improve localized R&D and service capabilities in the overseas market to support the implementation of overseas projects based on business needs.

In the future, the Company will continue to strengthen customer development, technical support, and delivery assurance capabilities in key overseas markets, focusing on high-end, localized and globalized strategies, thereby further enhancing the Company's business coverage and service capabilities in the international market.

Build an Industrial Synergy Ecosystem and Strengthen Value Chain Integration

The Company will actively promote synergies with automobile manufacturers, chip suppliers, operating system and key component partners to continuously improve the integrated automotive intelligence solution capabilities and jointly advance technological iteration and ecosystem innovation. At the same time, the Company will also carefully evaluate potential investment and cooperation opportunities with technological synergies to support the implementation of long-term development strategies.

Boost Operational Efficiency and Enhance Supply Chain Stability

The Company will continue to promote automated production upgrades and manufacturing process optimization to improve production efficiency and product consistency of complex hardware systems. In terms of supply chain management, the Company will deepen cooperation with key component and chip suppliers to establish a more resilient and diversified supply system, to ensure a stable supply and large-scale delivery capability for core products, thus supporting the business development of the Company.

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated revenue from smart cockpit solutions, vehicle connectivity support services and others. The following table sets forth a breakdown of our revenue, in both absolute terms and as a percentage of our revenue for the periods indicated:

	For the year ended December 31, 2025		2024	
	Amount	% of total revenue	Amount	% of total revenue
	<i>(RMB in thousands, except for percentages)</i>			
Smart cockpit solutions	3,413,317	97.3%	2,441,408	95.5%
Vehicle connectivity support services	86,729	2.5%	110,228	4.3%
Others ⁽¹⁾	9,680	0.2%	5,367	0.2%
Total Revenue	<u>3,509,726</u>	<u>100.0%</u>	<u>2,557,003</u>	<u>100.0%</u>

Note:

- (1) Consist primarily of revenue generated from our sales of automotive-grade chips, either for commissioning by OEMs or for our own trade purpose based on market conditions and chip inventory levels.

We recorded a revenue of RMB3,509.7 million for the year ended December 31, 2025, representing an increase of 37.26% from RMB2,557.0 million for the year ended December 31, 2024, primarily attributable to the significant increase in delivery volume for the year. In 2025, delivery volume of smart cockpit domain controllers of the Company reached 1.3 million units, representing an increase of over 40% as compared to 2024, fully demonstrating the Company's products are highly recognized by the market and the demand is strong. The Company continues to deepen smart cockpit AI deployment which provides strong support for the Company to further increase its market share.

We derive a substantial portion of our revenue from providing smart cockpit solutions that integrate software, hardware, cloud-based vehicle connectivity to OEMs and Tier-1 suppliers. Our revenue generated from smart cockpit solutions was RMB3,413.3 million for the year ended December 31, 2025, representing an increase of 39.8% from RMB2,441.4 million for the year ended December 31, 2024, primarily due to (i) significant increase in the annual delivery volume of smart cockpit domain controllers as compared to 2024; and (ii) the Company continues to deepen smart cockpit AI deployment.

We provide vehicle connectivity support services to OEMs, consisting of a variety of user support services and platform maintenance services. Our revenue generated from vehicle connectivity support services was RMB86.7 million for the year ended December 31, 2025, representing a decrease of 21.32% from RMB110.2 million for the year ended December 31, 2024, primarily due to the decrease in service volume from individual customers.

We also generate revenue from selling materials and components to be used by OEMs and Tier-1 suppliers in their production, which consist primarily of automotive-grade chips. Our revenue from others was RMB9.7 million for the year ended December 31, 2025, representing an increase of 80.4% from RMB5.4 million for the year ended December 31, 2024, primarily due to the disposal of certain chips during the fluctuation of chip prices.

Cost of Sales

Our cost of sales consists primarily of (i) material costs which were attributable to the procurement of raw materials and components for the production of smart cockpits, (ii) manufacturing costs which mainly include energy consumption, depreciation of manufacturing equipment and facilities, and other miscellaneous costs associated with our production activities, and (iii) staff costs, consisting primarily of salaries, bonuses, social insurance, and other benefits for our operation and maintenance staff, manufacturing workforce, and R&D personnel involved in delivering smart cockpit solutions.

Our cost of sales was RMB3,075.5 million for the year ended December 31, 2025, representing a year-on-year increase of 36.3%, primarily due to the increase of cost of sales of smart cockpit domain controllers as the scale of revenue correspondingly increases.

Our principal raw material and components procured for production of smart cockpits include automotive-grade chips, integrated circuits and structural components. We purchase automotive-grade chips from suppliers in the United States, Taiwan Province of China and Chinese mainland and other raw materials and components from suppliers in mainland China. Material costs are the largest component of our cost of sales.

Gross Profit and Gross Profit Margin

Our gross profit represents our total revenue less our total cost of sales, and our gross profit margin represents gross profit divided by our total revenue, expressed as a percentage.

As a result of the increase in delivery volume of high-end smart cockpit solutions due to the increase in customers' demand for smart cockpit domain controllers with high-end SoC against the backdrop of the industry's shift towards high-end smart cockpits, our gross profit was RMB434.2 million for the year ended December 31, 2025, representing an increase of 44.2% from RMB301.0 million for the year ended December 31, 2024. Our overall gross profit margin was 12.4% for the year ended December 31, 2025, representing an increase of 0.6 percentage points from 11.8% for the year ended December 31, 2024.

Other Income

Our other income mainly includes (i) government grants for our research and development programs and our business operation and value-added tax additional deduction, (ii) interest income from bank deposits, and (iii) rental income.

Our other income increased by 18.6% from RMB59.9 million for the year ended December 31, 2024 to RMB71.0 million for the year ended December 31, 2025, primarily due to the financial subsidy received by the Company in relation to asset injection.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal represent the impairment losses on trade and other receivables due from certain customers or reversal of impairment losses if we expect our credit loss to decrease.

We reversed impairment loss recognized under expected credit loss model of RMB14.3 million for the year ended December 31, 2025, as compared with impairment losses recognized under expected credit loss model of RMB149.9 million for the year ended December 31, 2024, primarily because there was no recognition of significant impairment loss provision in respect of an OEM customer during the Reporting Period, as had occurred in the previous year, and at the same time the Group further enhanced the whole-process control over accounts receivable, continued to optimize the collection mechanism, leading to a significant decrease in long-term unrecovered receivables.

Other Gains and Losses

Our other gains and losses consist primarily of (i) gains or losses from changes in fair value of financial assets at FVTPL which consist primarily of our equity investment in an intelligent new energy vehicle manufacturer, (ii) net foreign exchanges gains or losses mainly associated with overseas procurement of certain raw materials and components, (iii) donations primarily comprising those we made to a foundation that promotes open source collaboration and innovation and to a charity organization for flood relief, and (iv) losses on disposal of property, plant and equipment and early termination of lease.

We recorded other losses of RMB51.8 million for the year ended December 31, 2025 as compared with other gains of RMB50.9 million for the year ended December 31, 2024. This change was primarily attributable to losses incurred from changes in fair value of financial assets at FVTPL in relation to our equity investment in a new energy vehicle manufacturer in 2025.

Selling Expenses

Our selling expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for our sales and marketing personnel and after-sale service staff, (ii) after-sale service expenses that we incurred for the repair or replacement of smart cockpit solutions that we have sold, (iii) promotion, advertising and travelling expenses in connection with customer acquisition activities, and (iv) depreciation and amortization expenses.

Our selling expenses increased by 34.46% from RMB148.9 million for the year ended December 31, 2024 to RMB200.2 million for the year ended December 31, 2025. This increase was primarily attributable to the increase in relevant expenses due to our effort in seeking oversea customers and enhancing brand recognition, as well as the increase in share-based compensation expenses due to the grant of share options to the sales team personnel.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for our administrative and management personnel, (ii) depreciation and amortization in connection with office spaces and equipment, (iii) office expenses consisting primarily of rental expenses for office spaces, and other general office expenses, (iv) professional service fees mainly representing fees for engaging third-party agencies in relation to our legal and consulting services, (v) business development expenses of our administrative personnel, and (vi) intellectual property fees consisting primarily of agency fees for patent application and maintenance.

Our administrative expenses increased by 130.4% from RMB370.4 million for the year ended December 31, 2024 to RMB853.5 million for the year ended December 31, 2025, primarily because the Company granted share options to the administrative and management personnel, resulting in an increase in share-based compensation expenses, as well as the increase in professional services in relation to the initial public offering in Hong Kong and global offering.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, equity-settled share-based payments, and other benefits for research and development personnel, (ii) depreciation and amortization, representing the allocation of the costs of tangible and intangible assets used in research and development activities over their useful lives, and (iii) miscellaneous expenses associated with our R&D activities.

Our research and development expenses increased by 83.0% from RMB207.3 million for the year ended December 31, 2024 to RMB379.3 million for the year ended December 31, 2025, primarily due to (i) our promotion of commercialization adaptation of high-end chip platforms and commencement of R&D work in relation to AI application products, and (ii) increase in labor expenses related to R&D, especially the share-based compensation for R&D personnel.

Share of Result of Associates

Our loss from share of result of associates was RMB7.6 million for the year ended December 31, 2025, as compared with loss from share of result of associates of RMB0.7 million for the year ended December 31, 2024, primarily due to the loss resulted from the relevant companies still being in R&D phase and the increase of R&D expenses in 2025.

Share of Result of A Joint Venture

Our loss from share of result of a joint venture was RMB45,000 for the year ended December 31, 2025.

Listing Expenses

We recognized listing expenses of RMB36.1 million for the year ended December 31, 2025 and RMB31.2 million for the year ended December 31, 2024, in line with the progress of our listing application.

Finance Costs

Our finance costs consist primarily of (i) interest expense on bank borrowings; and (ii) interest expense on lease liabilities.

Our finance costs increased by 27.4% from RMB44.1 million for the year ended December 31, 2024 to RMB56.1 million for the year ended December 31, 2025, primarily due to the increase in interest expense on bank borrowings, in line with our increased bank borrowing balance.

Loss before tax

As a result of the foregoing, our loss before tax increased by 102.24% from RMB540.8 million for the year ended December 31, 2024 to RMB1,093.7 million for the year ended December 31, 2025.

Income Tax

Our income tax expenses amounted to RMB0.01 million in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 102.23% from RMB540.8 million for the year ended December 31, 2024 to RMB1,093.7 million for the year ended December 31, 2025.

Non-IFRS Measures

To supplement our consolidated statement of profit or loss which are presented under International Financial Reporting Standards (the “IFRS”), we also use adjusted net profit/(loss) for the year as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We believe that the presentation of non-IFRS measures, together with the presentation of corresponding IFRS measures, provides useful information to investors and our management, which facilitates comparisons of our operating performance from period to period by eliminating certain non-operating or non-recurring expenses that do not affect the ongoing operating performance of the Company (including listing expenses and share-based payments).

For 2025, by adding back the share-based payments and listing expenses, our adjusted loss (non-IFRS measure) for the year was RMB239.8 million, significantly decreased from RMB352.4 million for 2024.

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

	Year ended December 31,	
	2025	2024
	(RMB million)	(RMB million)
Loss for the year	(1,093.7)	(540.8)
Add:		
Listing expenses	36.1	31.2
Share-based payments	817.8	157.2
Adjusted net loss for the year	(239.8)	(352.4)

Note: For the year ended December 31, 2025, the share-based payments increased 420.3% to RMB817.8 million on a year-on-year basis, primarily due to (i) the increase in fair value per share of the Company’s equity at the time the share awards were granted; and (ii) the grant of additional incentive shares under employee stock ownership plan.

From time to time in the future, there may be other items that we may exclude from reviewing our financial results. The use of such non-IFRS measures has limitations as analytical tools, and shareholders and potential investors of the Company should not consider them in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the definition of such non-IFRS measures may be different from similar terms used by other companies, and therefore may not be comparable to similarly-titled measures of other companies.

Liquidity and Financial Resources

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Reporting Period, we had financed our operations primarily through cash generated from our operating activities and financing activities. In the foreseeable future, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, the net proceeds received from the Global Offering, and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. We had cash and cash equivalents of RMB1,444.1 million as of December 31, 2025, compared to RMB977.0 million as of December 31, 2024.

Cash Flow

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

	Year ended December 31,	
	2025	2024
	(RMB in thousands)	(RMB in thousands)
Net cash used in operating activities	(525,398)	(705,789)
Net cash used in investing activities	(338,461)	(315,298)
Net cash from financing activities	1,331,267	1,741,065
Net increase in cash and cash equivalents	467,408	719,978
Cash and cash equivalents at the beginning of the year	977,006	257,038
Effects of change in foreign exchange rate	(271)	(10)
Cash and cash equivalents at the end of the year	<u>1,444,143</u>	<u>977,006</u>

Indebtedness

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

	As of December 31, 2025 (RMB in thousands) (audited)	As of December 31, 2024 (RMB in thousands) (audited)
Current		
Bank borrowings	1,853,587	1,348,159
Lease liabilities	34,911	57,076
Refundable government grants	92,592	117,592
Non-current		
Bank borrowings	328,493	247,292
Lease liabilities	33,293	59,859
Total	<u>2,342,876</u>	<u>1,829,978</u>

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

Bank Borrowings

As of December 31, 2024 and December 31, 2025, we had a total of bank borrowings of RMB1,595.5 million and RMB2,182.1 million, respectively. Our borrowings were primarily used to finance increased working capital requirements driven by business expansion, including the construction of our production facilities, during the Reporting Period.

Capital Expenditures

During the Reporting Period, our capital expenditures primarily consisted of purchases of property, plant and equipment and purchase of right-of-use assets. Our capital expenditures amounted to RMB414.3 million for the year ended December 31, 2025. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and our operating cash flows.

Capital Commitments

Our capital commitments are mainly related to acquisition of property, plant and equipment. As of December 31, 2024 and December 31, 2025, we had RMB411.2 million and RMB336.5 million of capital expenditures contracted for but not yet recognized, respectively, arising from construction and renovation of production facilities and purchase of equipment.

Gearing Ratio

Our gearing ratio, being total liabilities divided by total assets and multiplied by 100%, was 64.1% and 63.1% as at December 31, 2024 and December 31, 2025, respectively.

Significant Investments Held

As of December 31, 2025, the Group did not hold any significant investments representing 5% or more of the Group's total assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Pledge of Assets

As at December 31, 2025, the Group's borrowings of RMB437,887,000 (2024: RMB287,551,000) were pledged by buildings, machineries, construction in progress, leasehold lands and bills receivables. As at December 31, 2025, the Group's borrowing of RMB24,086,000 (2024: RMB9,009,000) were secured by pledged bank deposits.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement and the prospectus of the Company dated September 22, 2025 (the “**Prospectus**”), as of December 31, 2025, we have no specific future plan for material investments and acquisition of capital assets. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group’s core business with a view to create synergies with the Group’s existing core business and improve the Group’s service and products to its customers.

Currency and Exchange Rate Fluctuation Risk

We collect most of our revenue in RMB and most of the expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of our relevant subsidiaries. Our exposure to foreign currency risk arises mainly from certain bank balances, certain trade receivables and trade payables which are denominated in foreign currencies. Except for the above items denominated in foreign currencies, we did not have any other monetary assets or liabilities denominated in foreign currencies as of December 31, 2025.

The foreign exchange risk exposure of the Group mainly comes from the risk of exchange of United States dollars and Euros to Renminbi and Hong Kong dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. The management of the Group continued to pay attention to the market environment and the Group’s own foreign exchange risk profile, and to consider taking appropriate hedging measures when necessary. During the Reporting Period, the Group did not enter into any hedging transaction against foreign exchange risks.

Employees and Remuneration Policies

As of December 31, 2025, the Group had 2,119 employees. The number of employees employed by the Group varies from time to time depending on needs. The staff costs including Directors' and the Company's supervisors' (the "**Supervisors**") emoluments were approximately RMB1,484.2 million for the year ended December 31, 2025.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary, bonuses and share incentive plan. We have a unified salary management system and employee internal transfer management methods to ensure the fairness of salary and promotion, and the salary and promotion decisions stipulated in the system are based on the employee's position and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. We also provide training and development programs to our employees to improve their technical skills.

SUBSEQUENT EVENTS

There were no material events that have occurred in our Group since the end of the Reporting Period and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

		Year ended December 31,	
		2025	2024
	NOTES	RMB'000	RMB'000
Revenue	3	3,509,726	2,557,003
Cost of sales		<u>(3,075,535)</u>	<u>(2,256,001)</u>
Gross profit		434,191	301,002
Other income		71,023	59,884
Impairment losses under expected credit loss ("ECL") model, net of reversal		(14,294)	(149,945)
Other gains and losses		(51,792)	50,853
Selling expenses		(200,196)	(148,891)
Administrative expenses		(853,450)	(370,379)
Research and development expenses		(379,332)	(207,279)
Share of result of associates		(7,571)	(733)
Share of result of a joint venture		(45)	(10)
Listing expenses		(36,098)	(31,221)
Finance costs		<u>(56,137)</u>	<u>(44,074)</u>
Loss before tax		(1,093,701)	(540,793)
Income tax	4	<u>(10)</u>	<u>(27)</u>
Loss for the year		<u>(1,093,711)</u>	<u>(540,820)</u>
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(211)</u>	<u>(7)</u>
		<u>(211)</u>	<u>(7)</u>
Total comprehensive expense for the year		<u>(1,093,922)</u>	<u>(540,827)</u>

		Year ended December 31,	
		2025	2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss) profit attributable to:			
— Owners of the Company		(1,093,328)	(541,238)
— Non-controlling interests		(383)	418
		<u>(1,093,711)</u>	<u>540,820</u>
Total comprehensive (expense) income attributable to:			
— Owners of the Company		(1,093,539)	(541,245)
— Non-controlling interests		(383)	418
		<u>(1,093,922)</u>	<u>540,827</u>
Loss per share	6		
— Basic (RMB yuan)		<u>(7.69)</u>	<u>(4.11)</u>
— Dilutive (RMB yuan)		<u>(7.69)</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

		As at December 31,	
		2025	2024
	NOTES	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		812,720	433,229
Deposits for rental		9,441	13,872
Prepayment for acquisition of property, plant and equipment		108,000	—
Right-of-use assets		123,523	167,170
Interest in a joint venture		9,948	9,993
Interests in associates		74,696	102,267
		<u>1,138,328</u>	<u>726,531</u>
Current assets			
Inventories and contract costs		764,266	503,915
Trade and other receivables	7	2,147,934	1,435,432
Contract assets		3,916	8,684
Financial assets at fair value through profit or loss (“FVTPL”)		187,814	487,785
Bills receivables at fair value through other comprehensive income (“FVTOCI”)		102,881	95,266
Restricted bank deposits		188	1,424
Pledged bank deposits		47,913	71,707
Cash and cash equivalents		1,444,143	977,006
		<u>4,699,055</u>	<u>3,581,219</u>
Current liabilities			
Bill, trade and other payables	8	1,222,823	891,887
Bank borrowings		1,853,587	1,348,159
Lease liabilities		34,911	57,076
Contract liabilities		64,158	34,647
		<u>3,175,479</u>	<u>2,331,769</u>
Net current assets		<u>1,523,576</u>	<u>1,249,450</u>
Total assets less current liabilities		<u>2,661,904</u>	<u>1,975,981</u>

	As at December 31,	
	2025	2024
<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Bank borrowings	328,493	247,292
Lease liabilities	33,293	59,859
Provision	47,885	39,181
Deferred income	100,460	83,593
	<u>510,131</u>	<u>429,925</u>
Net assets	<u>2,151,773</u>	<u>1,546,056</u>
Capital and reserves		
Share capital	149,991	139,554
Reserves	2,002,176	1,405,223
	<u>2,152,167</u>	<u>1,544,777</u>
Equity attributable to owners of the Company	2,152,167	1,544,777
Non-controlling interests	(394)	1,279
	<u>2,151,773</u>	<u>1,546,056</u>
Total equity	<u>2,151,773</u>	<u>1,546,056</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司) (the “**Company**”) formerly known as “Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd. (上海博泰悅臻電子設備製造有限公司)” was established as a company with limited liability in Shanghai, the PRC on October 20, 2009, under the Company Law of the PRC. On December 2, 2021, the Company was converted into a joint stock company with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on September 30, 2025 (the “**Listing**”). The address of the registered office and the principal place of business of the Company is Room 3701, 866 East Changzhi Road, Hongkou District, Shanghai, PRC. The founder of the Company is Mr. Ying Zhenkai (應臻愷) (“**Mr. Ying**”) who is the controlling shareholder of the Company (the “**Controlling Shareholder**”, together with the Company’s employee stock ownership platforms collectively referred to as the “**Controlling Shareholders**”). Mr. Ying is also the general manager, executive director and chairman of the Board of the Company.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of smart cockpit and vehicle connectivity support services.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards — Volume 11 ²	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance (MPMs) measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

Except for the IFRS 18, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Types of solutions/products lines		
Smart cockpit solutions	3,413,317	2,441,408
Vehicle connectivity support services	86,729	110,228
Others	9,680	5,367
	<u>3,509,726</u>	<u>2,557,003</u>
Timing of revenue recognition		
A point in time	3,422,997	2,446,775
Overtime	86,729	110,228
	<u>3,509,726</u>	<u>2,557,003</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

Information about the Group's performance obligations is summarized below:

The Group sells smart cockpit solutions and provides vehicle connectivity support services, and sells materials and components to original equipment manufacturers ("OEMs"), which designs, develops and manufactures vehicles and their suppliers in connection with their production of passenger vehicles.

Smart cockpit solutions provide integrate software, hardware and cloud-based vehicle connectivity to enhance driving safety, convenience and connectivity, ultimately offering a more intelligent driving experience;

Vehicle connectivity support services provide a wide range of user support services and platform maintenance services to OEMs.

Smart cockpit solutions

Smart cockpit solutions is recognised at a point in time when the products or solutions are accepted by the customers.

The Group required an advance payment or granted the customers a credit period from 60 days to 180 days based on the assessed credit worthiness of the customers. Contract liabilities are recognised when advance payments are received but revenue has yet been recognised.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from six months to 1 year from the date of the acceptance of the products or solutions. The contract assets are transferred to trade receivables when the collection rights become unconditional, which is the defect liability period expires.

Sales-related warranties cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37.

Vehicle connectivity support services

Vehicle connectivity support services are recognised over time on a straight-line basis, since the customers simultaneously receive and consume the benefits provided by the Group as the Group performs. Advance consideration received in these services is recognised as a contract liability and is released on a straight-line basis over the period of services.

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

The majority of the contracts for provision of smart cockpit solutions and others are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contracts for vehicle connectivity support services are typically have a 1 to 10 years non-cancellable term in which the Group bills a fixed amount for each hour or each item of service provided.

(iv) Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided to the CODM other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

Information about the Group’s revenue from external customers is presented based on the location of customers as below.

	Year ended December 31,	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Chinese Mainland	3,477,957	2,556,897
Overseas	31,769	106
	<u>3,509,726</u>	<u>2,557,003</u>

The Group’s non-current assets are almost located in the PRC.

Information about major customers

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

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	367,538	365,502
Customer B	N/A ¹	265,786
Customer C	888,801	998,548
Customer D	563,840	N/A ¹

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year.

4. INCOME TAX

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	<u>10</u>	<u>27</u>
	<u>10</u>	<u>27</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC entities of the Group is 25% for both years, except for certain entities entitled to different preferential tax rates.

Both the Company and Shanghai PATEO Network Technology Service Co., Ltd. were qualified as a high and new technology enterprise (“**HNTE**”) in 2020 and renewed their HNTE in 2023 respectively, and were entitled to a preferential tax rate of 15% from 2020 to 2025. PATEO CONNECT (Nanjing) Co., Ltd. (“**PATEO Nanjing**”) was qualified as a HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. In 2023, PATEO Nanjing was qualified as a software enterprise and was entitled to the two years’ exemption from income tax followed by three years of 50% tax reduction commencing from its first profit making year, and no assessable profit was generated during the year ended December 31, 2025.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from October 1, 2022 to December 31, 2025.

Certain subsidiaries of the Group that are subject to “small and thin-profit enterprises” were entitled to a preferential tax rate of 20% under the EIT Law. For the years ended December 31, 2025 and 2024, the qualifying group entities enjoyed 75% reduction on annual taxable income.

Neither provision for Germany Profits Tax nor Hong Kong income tax has been made in the consolidated statement of profit or loss and other comprehensive income as the Group had no assessable profit arising in these jurisdictions for both years.

The income tax credit for the year can be reconciled to the loss before tax as follows:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	(1,093,701)	(540,793)
Tax at PRC EIT of 25%	(273,425)	(135,198)
Tax effect of share of result of an associate	1,893	183
Tax effect of share of result of a joint venture	11	3
Tax effect of expenses not deductible for tax purpose	2,139	2,303
Tax effect of temporary differences not recognised	213,120	85,793
Tax effect of tax losses not recognised	92,599	92,439
Utilisation of tax losses previously not recognised	(566)	(10,856)
Additional deduction of research and development expenses	(35,761)	(34,640)
	<u>10</u>	<u>27</u>
Income tax for the year	<u>10</u>	<u>27</u>

5. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2025, nor has any dividend been proposed since the end of the Reporting Period (2024: nil).

6. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss:		
Loss for the purposes of calculating basic loss per share attributable to owners of the Company (<i>RMB'000</i>)	<u>(1,093,328)</u>	<u>(541,238)</u>
Number of shares (<i>'000</i>):		
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	<u>142,214</u>	<u>131,818</u>

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options or the exercise of the over-allotment option for the year ended December 31, 2025, as their effect would be anti-dilutive. Accordingly, diluted loss per share is the same as basic loss per share.

No diluted loss per share for the year ended December 31, 2024 as there is no potential ordinary shares in issue.

7. TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables	1,856,533	1,298,471
Less: allowance for credit losses	(187,855)	(173,469)
	1,668,678	1,125,002
Receivables for disposals of financial assets at FVTPL	205,000	120,000
Prepayments to suppliers	129,631	83,139
Value-added tax recoverable	79,328	74,879
Receivable for disposal of investment in an associate	50,000	—
Prepayments for service	3,762	13,944
Prepayments for consumables	1,856	1,911
Refundable deposits	3,175	1,742
Advance to staff	435	516
Prepayments for rental expense	222	890
Deferred issue costs	—	5,194
Prepayments for listing expenses	—	3,527
Others	6,678	5,611
Less: allowance for credit losses	(831)	(923)
	2,147,934	1,435,432

As at January 1, 2024, the Group's trade receivables amounted to RMB619,694,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
0–90 days	1,522,476	910,424
91–180 days	58,806	175,670
181–365 days	74,653	21,669
1–2 years	12,743	17,239
	1,668,678	1,125,002

As at December 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB146,673,000 (2024: RMB106,977,000), which are past due as at the reporting date. Out of the past due balances, RMB74,653,000 (2024: RMB21,669,000) has been past due 90 days or more and is not considered as in default considering the historical and expected subsequent repayment from the trade debtors.

8. BILL, TRADE AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Trade payables	916,727	603,352
Payroll payables	70,752	72,876
Value added tax and other tax payables	7,960	7,941
Listing expenses and issue costs payable	1,611	5,297
Payables for property, plant and equipment	42,473	11,207
Accruals	50,106	49,391
Refundable government grants (<i>note i</i>)	92,592	117,592
Others	40,602	24,231
	<u>1,222,823</u>	<u>891,887</u>

The credit period of trade creditors is generally from 30 days to 90 days. The following is an aged analysis of trade payables presented based on invoice dates:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
0–60 days	843,492	471,894
61–120 days	65,491	98,965
121–180 days	4,940	17,243
181–365 days	195	7,598
1–2 years	48	3,105
2–3 years	423	2,903
Over 3 years	2,138	1,644
	<u>916,727</u>	<u>603,352</u>

The Group's trade payables that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
USD	<u>115,168</u>	<u>110,191</u>

(Note i) The amounts were government grants attached with conditions about the revenue and profit criteria. The Group did not fulfil the criteria attached to those government grants at December 31, 2025. Therefore, the amounts were refundable to the respective PRC government authority on demand.

FINAL DIVIDENDS

The Board resolved not to pay or declare any dividends for the year ended December 31, 2025.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including the sale of treasury shares) during the period from the Listing Date to December 31, 2025. The Company did not hold any treasury shares as of December 31, 2025.

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 of the Board to all the Shareholders.

Since the H Shares of the Company were listed on the Main Board of the Stock Exchange on September 30, 2025, the Company has adopted the Corporate Governance Code as its own code of corporate governance since the Listing Date.

Save as disclosed below, as of the date of this announcement, the Company has complied with all applicable code provisions set out in the Corporate Governance Code. The Board will continue to regularly review the effectiveness of our corporate governance structure and practices.

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

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

DIRECTORS’ AND SUPERVISORS’ SECURITIES TRANSACTIONS

Since its Listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regulating dealings in securities of the Company by its Directors, Supervisors and employees who are in possession of inside information in relation to the Group or the Company’s securities.

In response to specific enquiries made by the Board, all Directors and Supervisors confirmed that they have complied with the provisions of the Model Code since the Listing Date and up to the end of the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Dr. Li Yuanpeng, Mr. Zhang Xiaoliang and Ms. Xu Lili. Dr. Li Yuanpeng serves as the chairman of the Audit Committee. The Audit Committee, together with management of the Company and the auditor, has reviewed the audited consolidated financial statements for the year ended December 31, 2025. The Audit Committee is of the view that these annual results are in compliance with the applicable accounting standards, laws and regulations, and appropriate disclosures have been made by the Company. The Audit Committee also discussed matters in relation to the accounting policies and practices adopted by the Company, as well as internal control, with the senior management of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and 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, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on March 30, 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pateo.com.cn). The annual report for the year ended December 31, 2025 containing all the information required by the Listing Rules will be made available on the same websites in due course.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this announcement in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“AR-HUD”	augmented reality head-up display, a technology that projects digital information directly onto a transparent display, such as the windshield, within the driver’s field of view
“design win”	refers to an achievement when a company’s product is selected and approved for inclusion in a specific vehicle model or modular car platform by an OEM or a Tier-1 supplier to OEM
“DMS”	driver monitoring system, an advanced safety technology designed to track and analyze a driver’s behavior and physiological state while operating a vehicle

“domain controller”	in the context of intelligent vehicles, a central processing unit that integrates various software and hardware components, allowing for seamless and efficient control of vehicle functions related to a specific area, or domain. The functional domains of a vehicle mainly include the smart cockpit, intelligent driving, powertrain, chassis, and vehicle body; smart cockpit domain controller refers to a central processing unit that manages and controls various aspects of cabin-related experience, including vehicle interaction and control, navigation, AR-HUD, instrument cluster displays, etc.
“HUD”	head-up display, a technology that projects important information onto the windshield or a transparent screen
“NEV”	new energy vehicle
“OEM(s)”	original equipment manufacturers, when used in the automotive industry, a company that designs, develops, and manufactures vehicles
“OMS”	occupant monitoring system, a technology that tracks and assesses the presence, position, and condition of vehicle occupants
“SoC”	systems-on-a-chip, programmable integrated circuit that integrates most or all key components of a computer or electronic system, such as CPU, memory interfaces, on-chip input/output devices, input/output interfaces, and secondary storage interfaces, often alongside other components such as radio modems and a graphics processing unit, all on a single substrate or microchip
“T-Box”	telematics box, an electronic device embedded to a vehicle that connects the vehicle to cloud services or other vehicles via V2X standards or a cellular network
“Tier-1 supplier(s)”	a company that supplies automotive components or systems directly to OEMs. Unless otherwise indicated, this term does not refer to our customers, but instead refers to suppliers within the broader automotive supply chain

“Tier-1 supplier
customer(s)”

customers of our Group who are Tier-1 suppliers to OEMs

By order of the Board
PATEO CONNECT Technology (Shanghai) Corporation
Ying Zhenkai
Chairman of the Board

Shanghai, the PRC, March 30, 2026

As at the date of this announcement, the Board comprises Mr. Ying Zhenkai, Mr. Zhang Fukai, Ms. Xu Zhenhui and Mr. Lai Weilin as executive Directors; Mr. Zhang Yi as an employee Director; Mr. Wang Bihui, Mr. Ma Xiaoyong and Mr. Gu Yuekun as non-executive Directors; and Dr. Li Yuanpeng, Mr. Pang Chunlin, Mr. Zhang Xiaoliang, Dr. Liu Gongshen, Ms. Xu Lili, Dr. Gu Jinyu and Dr. Huang Xiaolin as independent non-executive Directors.