

ZKTECO CO., LTD.

2025 Annual Report

Announcement No.: 2026-030

April 2026

A Letter to Shareholders

AI empowers a better life, reshaping a new realm of living

In 2025, amidst the wave of technological revolution and industrial transformation, ZKTeco has always adhered to its original aspiration of "technology for good". With AI cognitive space technology as the core driving force, it has promoted the deep integration of AI with various business segments, continuously achieving breakthroughs in core areas such as smart space, smart office, and digital identity authentication. Furthermore, it has actively practiced in scenarios like smart commercial and smart living, using technology to reshape the way people connect with space, scenarios, and life, outlining a new realm of existence that is warmer and more valuable.

Every step of growth this year is inseparable from the trust and companionship of all shareholders. We hereby present a steadily improving performance to express our most sincere gratitude to all shareholders!

In 2025, the Company achieved an operating revenue of RMB 2,132.7897 million, a YoY increase of 7.11%, and a net profit attributable to shareholders of the companies of RMB 214.7104 million, a YoY increase of 17.30%. The net profit after deducting the impact of share-based payment was RMB 261.8301 million, a YoY increase of 24.99%.

In 2025, the Company continuously navigated various uncertainties with two engine drivers: the digital transformation of its main business and the development of innovative businesses. Its main business fully embraced digital cloud services, and its smart commercial business is poised for growth. The Company steadily carried out industry chain collaboration and frontier technology exploration. The Company completed the strategic acquisition of Longzhiyuan Company to further optimize its product layout, enhance its scenario expansion capabilities, and achieve complementary business resources. Meanwhile, the Company prudently advanced the integration of audio-visual AI human-computer interaction and brain-computer interface AI intention core technologies with the company's multimodal BioCV core technologies. Transitioning from multimodal BioCV's "person recognition" to brain-computer interface's "mind recognition", this will involve multimodal analysis of neuronal EEG data to manage emotional health using data baselines. In areas such as depression, Alzheimer's, and attention analysis, it will reasonably extend the layout of brain health rehabilitation and biometrics eye-tracking technologies.

In 2025, the Company incorporated brain-computer interface into its long-term technological strategic roadmap. Centered around the clear main theme of "technological breakthroughs—scenario application—ecosystem co-construction—global layout", ZKTeco's brain-computer innovation business completed a systematic advancement from capability building to industrial collaboration in 2025, marking a landmark year.

The new round of industrial transformation in 2026 will once again reshape the development landscape, as "AI+" has moved from concept to practice, deeply penetrating every scenario and every field. As a globally leading AI cognitive intelligent space evolution service provider, ZKTeco has been deeply cultivating the fields of AI applications and biometrics for nearly two decades, and now, with a forward-looking vision, is strategically deploying brain-computer interface and emotion cloud technologies. The Company consistently focuses on BioCV TinyML edge model R&D, deeply integrating spatial understanding, autonomous decision-making, and electroencephalogram (EEG) signal processing. The Company will continue to optimize brain-computer interaction performance under the multi-factor collaboration of "people, vehicles, objects, and environment", laying the foundation for the wearable and scenario-based applications of non-invasive brain-computer interfaces.

ZKTeco identifies individuals through multimodal biometric technology, from machine vision technology to attentive services, and further to brain-computer interfaces perceiving emotions. The Company always takes technological integration as its foundation and scenario co-existence as its direction, deepening the integrated application of AI cognitive space and brain-computer interaction platforms, adhering to its original aspiration of reconstructing the meaning of life, and will not let down any investors!

Finally, we always believe that all technologies must have their capability boundaries verified step by step in real-world scenarios. While technological breakthroughs are indeed exciting, every step of commercialization must carefully calculate costs and returns. The

essence of the AI era is the digitalization of experience, and the answers provided by AI often remain at an average level. As a global enterprise founded on innovation, business development, whether strategic or tactical, must ultimately "grow" organically from the recognition of end customers. Growth cannot be separated from land, seeds, and sunlight, following the natural laws of spring sowing, summer growing, autumn harvesting, and winter storage; this is the fundamental way of development for all things. For ZKTeco, land represents our global service network, seeds are our core technological innovations in "biometrics + brain-computer interface", and sunshine symbolizes our belief and determination in pursuing dreams. We also deeply understand: "Knowledge transcends wealth and status; true masterpieces are created under the solitary lamp." In 2026, all ZKTeco staff will continue to work diligently and cultivate with dedication, achieving sustained growth through long-term perseverance.

ZKTECO CO., LTD.

Chairman Che Quanhong

2025 Annual Report

Section I Important Notes, Contents and Definitions

The Board of Directors, directors, and senior managers guarantee that the information presented in this report is true, accurate and complete without any false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.

The Company's legal representative, Jin Hairong, the person in charge of the accounting work, Wang Youwu, and the person in charge of accounting institution (accounting supervisor), Xu Ping, hereby declare that the financial information in this report is true, accurate and complete.

All directors have attended the board meeting to review this report.

The forward-looking statements regarding future plans in this annual report do not constitute substantial commitments of the Company to investors. Investors are advised to pay attention to investment risks.

Investors are advised to refer to the full text of this annual report and pay special attention to the content of "Section III Management Discussion and Analysis XI. Prospects for the Future Development of the Company (II) Risks and Countermeasures" in this annual report.

The profit distribution proposal passed upon deliberation at the meeting of the Board of Directors is set out as follows: Based on the total share capital on the registration date of future equity distribution, after deducting the repurchased

shares in the Company's repurchase account, the Company proposed to distribute cash dividend of RMB 4.8 (tax inclusive) per 10 shares to all shareholders. There will be no bonus shares or conversion of capital reserve into share capital.

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Documents Available for Inspection

- I. Financial statements affixed with official stamps and the signatures of the Company's legal representative, the person in charge of accounting and the charge of accounting institution (accounting supervisor) of the Company.
- II. Original of the audit report affixed with the stamp of the accounting firm as well as stamps and signatures of the certified public accountants.
- III. All original copies of the Company's documents and the original drafts of the Company's announcements as disclosed on websites designated by the CSRC during the reporting period.
- IV. Other relevant documents.

Place for document inspection: Office of the Company's Board of Directors

Definitions

Terms	Refers to	Definitions
Company, the Company, ZKTeco	Refers to	ZKTECO CO., LTD.
ZKTeco Times	Refers to	Shenzhen ZKTeco Times Investment Co., Ltd., a controlling shareholder of the Company
JYHY	Refers to	Shenzhen JYHY Investment Enterprise (Limited Partnership), a shareholder of the Company
JYSJ	Refers to	Shenzhen JYSJ Investment Enterprise (Limited Partnership), a shareholder of the Company
LX Investment	Refers to	Dongguan LX Investment Partnership Enterprise (Limited Partnership), a shareholder of the Company
JY LX	Refers to	Shenzhen JY LX Consulting Enterprise (Limited Partnership), a shareholder of the Company
JYQL	Refers to	Shenzhen JYQL Investment Consulting Enterprise (Limited Partnership), a shareholder of the Company
Guangdong ZKTeco	Refers to	ZKTeco (Guangdong) Co., Ltd., a wholly-owned subsidiary of the Company
Shenzhen ZKTeco	Refers to	Shenzhen ZKTeco Biometric Identification Technology Co., Ltd., a wholly-owned subsidiary of the Company
Xiamen ZKTeco	Refers to	Xiamen ZKTeco Co., Ltd., a wholly-owned subsidiary of the Company
Longzhiyuan	Refers to	Shenzhen Longzhiyuan Technology Company Limited by Shares (later renamed Shenzhen Longzhiyuan Technology Co., Ltd.). The Company acquired 55% of its equity during the reporting period, and it became a controlling subsidiary of the Company and was included in the Company's consolidated financial statements.
Zokon Industry	Refers to	Shenzhen Zokon Industry Development Co., Ltd.
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
Articles of Association	Refers to	Articles of Association of ZKTECO CO., LTD.
A shares	Refers to	RMB denominated ordinary shares
RMB, RMB '0,000	Refers to	RMB, RMB '0,000
Reporting Period	Refers to	January-December 2025
End of Reporting Period	Refers to	December 31, 2025
CV	Refers to	Computer Vision
BioCV	Refers to	Biometrics & Computer Vision
Biometrics	Refers to	A computer technology that utilizes the analysis of human biological characteristics to distinguish biological organisms. It is used for personal identification by a close combination of computer technology with high-tech methods such as optics, acoustics, biosensors, and biostatistics, and utilizing the inherent physiological characteristics of the human body (fingerprints, facial features, palm veins, iris, etc.) or behavioral characteristics (sound, gait, etc.)
Computer Vision	Refers to	Used to simulate biological vision using cameras, computers, and related equipment; simulate human visual abilities, capture and process three-dimensional information of the scene by using optical systems and image processing tools, understand and command specific devices to execute decisions
RF, RFID	Refers to	Radio Frequency Identification (RFID), a wireless communication technology that can identify specific targets and read and write relevant data through radio signals without establishing mechanical or optical contact between the identification system and specific targets
Internet of Things/IoT	Refers to	Used to connect any object to the network by using information sensing devices and following agreed protocols. The object exchanges and communicates information through information dissemination media to achieve intelligent recognition, positioning, tracking, supervision, and

		other functions
SMED	Refers to	Single Minute Exchange of Die, a process improvement method that minimizes the product die exchange time, production startup time, or adjustment time of the die. It can significantly shorten the time required for machine installation and die exchange setting
SaaS	Refers to	Software as a Service, a software model that provides software services through the Internet
MRP	Refers to	Material Requirement Planning, the process in which a production enterprise gradually derives the production and procurement plans for the components, raw materials, and other materials required for the production of the main product based on the production plan, the structure of the main product, and the inventory situation
SAM	Refers to	Secure Access Module, a module used for encrypting and decrypting identity card information
SMT	Refers to	Surface Mount Technology, a circuit assembly technology used to install surface mounted components without pins or with short leads on the surface of printed circuit boards (PCBs) or other substrates, and then solder and assemble them through methods such as reflow soldering or immersion soldering
PCBA	Refers to	Printed Circuit Board Assembly, the process of soldering components onto a PCB substrate to form a printed circuit board (PCB)
asmag	Refers to	A professional industry media company under the Messe Frankfurt Exhibition GmbH, aiming to provide market analysis, technical information, solution evaluation, industry forecasting, etc. for practitioners in smart security, smart life, smart transportation, smart buildings, IT communication, and networking
AI	Refers to	Artificial Intelligence
AIoT	Refers to	The Artificial Intelligence of Things
IoT	Refers to	Internet of Things
Rebate	Refers to	The rebate the Company provides to dealers based on the rebate policy and the completion of dealer performance
SDK	Refers to	Software Development Kit
BioCode	Refers to	Biometric feature code, converted from encrypted biometric features
MES	Refers to	Manufacturing Execution System, a production information management system for the shop floor of manufacturing enterprises.
QMS	Refers to	Quality Management System, the management system that directs and controls an organization in terms of quality. It is a systematic quality management model established within an organization to achieve quality objectives.
APS	Refers to	Advanced Planning and Scheduling system, an information management system used to optimize production planning and scheduling.
GDPR	Refers to	General Data Protection Regulation issued by the European Union.
AIGC	Refers to	Artificial Intelligence Generated Content, the process of generating content using AI technologies, including text, images, audio, and video, etc.
HTTPS	Refers to	Hyper Text Transfer Protocol Secure, a protocol for secure communication on the World Wide Web and is the secure version of HTTP (Hypertext Transfer Protocol).
ChatGPT	Refers to	The large language model developed by the American company OpenAI.
SMB	Refers to	Small and Medium-sized Businesses.
NVR	Refers to	Network Video Recorder
EEG	Refers to	Electroencephalogram
fNIRS	Refers to	Functional Near-Infrared Spectroscopy

Note: If there is a discrepancy between the total count and the sum of the sub item values in any table of this annual report, it is due to rounding reasons.

Section II Company Profile and Key Financial Indicators

I. Company Information

Stock Abbreviation	ZKTECO	Stock code	301330
Chinese name of the Company	熵基科技股份有限公司		
Chinese abbreviation of the Company	熵基科技		
English name of the Company (if any)	ZKTECO CO.,LTD.		
English abbreviation of the Company (if any)	ZKTeco		
Legal representative of the Company	Jin Hairong		
Registered address	No.32, Pingshan Industrial Road, Tangxia Town, Dongguan, Guangdong, China		
Postal code of registered address	523710		
Historical changes in the registered address of the Company	The registered address of the Company has not changed since its listing		
Office address	No.32, Pingshan Industrial Road, Tangxia Town, Dongguan, Guangdong, China		
Postal code of office address	523710		
Website	www.zkteco.com		
Email	ir@zkteco.com		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Guo Yanbo	Wang Jia
Contact address	No.32, Pingshan Industrial Road, Tangxia Town, Dongguan, Guangdong, China	No.32, Pingshan Industrial Road, Tangxia Town, Dongguan, Guangdong, China
Tel.	0769-82618868	0769-82618868
Fax	0769-82618848	0769-82618848
Email	ir@zkteco.com	ir@zkteco.com

III. Information Disclosure and Place of the Report

Website of the stock exchange where the Company discloses its Annual Report	Shenzhen Stock Exchange http://www.szse.cn
media and website for the disclosure of the Annual Report	Securities Times, China Securities Journal, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
Location for inspection of the Annual Report	Office of the Board of Directors No.32, Pingshan Industrial Road, Tangxia Town, Dongguan, Guangdong, China

IV. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Zhonghui Certified Public Accountants (Special General Partnership)
Office address of the accounting firm	Room 601, Building A, Hualian UDC Times Building, No. 8 Xinye Road, Shangcheng District, Hangzhou City
Name of signing accountant	Yin Wenwen, Yuan Zongzhi

Sponsor engaged by the Company to continuously perform its supervisory function during the reporting period

Applicable Not applicable

Name of sponsor	Office address of sponsor	Name of sponsor representative	Period of continuous supervision
UBS Securities Co., Ltd.	12th floor (F1201-F1210, F1211B-F1215A, F1231-F1232) and 15th floor (F1519-F1521, F1523-F1527) Winland International Finance Center, No. 7 Finance Street, Xicheng District, Beijing, China	Gong Qian, Cai Zhiwei	August 17, 2022-December 31, 2025

Financial advisor engaged by the Company to perform the duties of continuous supervision during the reporting period

Applicable Not applicable

V. Main Accounting Data and Financial Indicators

Whether the Company performed a retroactive adjustment or restatement of the previous accounting data Yes No

	2025	2024	YoY change	2023
Operating revenue (RMB)	2,132,789,667.81	1,991,200,391.75	7.11%	1,970,183,682.34
Net profit attributable to shareholders of the companies (RMB)	214,710,432.41	183,045,997.93	17.30%	177,263,675.15
Net profit attributable to shareholders of the companies after deducting non-recurring profits and losses (RMB)	197,236,740.99	165,283,299.30	19.33%	178,122,838.64
Net cash flows from operating activities (RMB)	382,473,030.81	228,336,583.05	67.50%	236,000,890.21
Basic EPS (RMB/share)	0.9186	0.7913	16.09%	0.7647
Diluted EPS (RMB/share)	0.9149	0.7913	15.62%	0.7611
Weighted average return on net assets	6.30%	5.60%	0.70%	5.63%
	At the end of 2025	At the end of 2024	Increase or decrease at the end of this year	At the end of 2023

			compared to the end of the previous year	
Total assets (RMB)	4,954,810,629.48	4,014,623,523.49	23.42%	3,923,900,732.70
Net assets attributable to shareholders of the companies (RMB)	3,481,488,420.71	3,350,349,704.08	3.91%	3,265,413,589.20

The lower of the Company's net profit before and after deducting non-recurring profits and losses in the past three fiscal years is negative, and the audit report in the last year shows that there is uncertainty in the Company's ability to continue as a going concern

Yes No

The lowest of the Company's audited total profit, net profit, and net profit after deducting non-recurring profits and losses during the reporting period is negative.

Yes No

Companies with equity incentives and employee stock ownership plans may disclose net profit after deducting the impact of share-based payment.

Major Accounting Data	2025	2024	YoY change during the current period (%)	2023
Net profit excluding the impact of share- based payment (RMB)	261,830,132.01	209,483,316.96	24.99	230,521,412.89

VI. Main Financial Indicators by Quarter

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	413,684,716.15	515,574,043.35	472,049,030.10	731,481,878.21
Net profit attributable to shareholders of the companies	29,462,660.08	63,772,896.20	34,979,086.76	86,495,789.37
Net profit attributable to shareholders of the companies after deducting non- recurring profits and losses	25,649,468.40	58,781,445.09	31,045,595.83	81,760,231.67
Net cash flows from operating activities	116,640,635.50	52,542,518.06	91,594,974.43	121,694,902.82

Whether there is a significant difference between the above financial indicators or their total amount and the financial indicators related to the disclosed quarterly and semi-annual reports of the Company

Yes No

VII. Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period, there were no differences in net profit and net assets between the financial reports disclosed in

accordance with international accounting standards and Chinese accounting standards.

2. Differences in net profit and net assets in financial reports disclosed in accordance with foreign accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period, there were no differences in net profit and net assets between the financial reports disclosed in accordance with foreign accounting standards and Chinese accounting standards.

VIII. Items and Amounts of Non-recurring Profits and Losses

Applicable Not applicable

Unit: RMB

Item	Amount in 2025	Amount in 2024	Amount in 2023	Remarks
Losses and gains from disposal of non-current assets (including the offsetting portion of the provision for asset impairment)	-616,071.00	-1,122,946.12	-626,426.46	
Government subsidies included in current profits and losses (except those closely related to the normal business of the Company, which are in line with national policies and regulations, enjoyed according to determined standards, and have a continuous impact on the Company's profits and losses)	3,429,031.25	6,728,971.26	6,119,808.45	
Profits and losses from fair value changes arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the gains and losses arising from the disposal of financial assets and financial liabilities except for effective hedging business related to the normal operation of the Company	18,783,279.32	16,131,575.37	-2,644,568.64	Mainly due to investment income and fair value changes generated by financial products
Capital occupancy fees charged to non-financial enterprises included in current profits and losses	0.00	42,684.28	50,222.65	
Reversal of the provision on receivables with impairment test conducted on an	222,847.35	409,755.94	239,389.68	

individual basis				
Other non-operating revenue and expenses other than the above items	-2,290,959.80	-715,235.85	-4,210,700.05	
Less: income tax impact	1,867,993.80	2,042,311.18	-281,003.45	
Minority interest impact (after tax)	186,441.90	1,669,795.07	67,892.57	
Total	17,473,691.42	17,762,698.63	-859,163.49	--

Details of other profit and loss items that meet the definition of non-recurring profits and losses:

Applicable Not applicable

The Company has no specific situation of other profit and loss items that meet the definition of non-recurring profits and losses.

Description on defining the non-recurring profit and loss items listed in the "Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Profits and Losses" as recurring profit and loss items

Applicable Not applicable

The Company has no situation where the non-recurring profit and loss items listed in the "Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Profits and Losses" are defined as recurring profit and loss items.

Section III Management Discussion and Analysis

I. Main Businesses Engaged by the Company During the Reporting Period

(I) Overall layout of the Company's main business and core products during the reporting period

1. Business Overview

(1) Business overview

The Company is a globally leading smart space evolution service provider with AI cognition as its core driver. The Company applies multimodal BioCV (computer vision and biometrics) and AI cognitive space computing technologies to build a comprehensive perception system, promoting the transformation of space from static management to autonomous decision-making and evolution, and bringing comfortable, intelligent, safe and sustainable scene experiences to global customers. The Company has deeply laid out in the four strategic fields of smart space, smart office, digital identity authentication, and smart business, providing AI-empowered end-cloud integrated solutions to help customers achieve efficiency leaps and value reshaping in the digital era. ZKTeco, relying on its profound accumulation in algorithms, hardware, data, and scenario-based applications, has prospectively incorporated brain-computer interface into the Company's long-term strategic blueprint. The Company conducts technology R&D and scenario verification around areas such as work safety, health management, smart office, and human-computer interaction with focus on the integration of brain-computer interface and multimodal AI technologies.

During the reporting period, the Company acquired 55% of the shares from the original shareholders of Longzhiyuan and obtained controlling interest in Longzhiyuan. This acquisition expands the Company's smart living products into outdoor areas, enriching the product array in smart outdoor business scenarios.

The main business income of the Company's various business segments during the reporting period is as follows:

Unit: RMB '0,000

Item	2025		2024	
	Amount	Proportion	Amount	Proportion
I. Smart space products	159,181.79	74.96%	149,969.05	75.62%
II. Smart office products	33,160.10	15.62%	30,372.77	15.31%
III. Digital identity authentication products	8,913.64	4.20%	11,413.47	5.75%
IV. Smart business products	6,695.57	3.15%	6,578.09	3.32%
V. Smart living products	4,398.26	2.07%	-	-
Total	212,349.36	100.00%	198,333.38	100%

(2) Core businesses

① Smart space products: Upgrading from "Digitalized Management" to "Spatial Intelligence"

Leveraging AI cognitive spatial computing and a multimodal BioCV native technology foundation, we build a full-domain, all-element digital twin perception system and intelligent evolution engine for people, vehicles, objects, and the environment. This breaks through the paradigm bottleneck of traditional passive control of space entrances/exits and post-event O&M, creating a next-generation smart space solution that integrates real-time full-domain perception, spatiotemporal data analysis, autonomous intelligent decision-

making, and closed-loop precise control. For all scenario types, including enterprise campuses, office buildings, education, healthcare, and communities, we utilize a device-edge-cloud collaborative architecture to achieve full-link digital and intelligent autonomy for access management, energy consumption control, security inspection, environmental regulation, and resource scheduling. This empowers physical spaces with continuous evolution capabilities such as forward-looking prediction, proactive adaptation, and self-driven iteration, assisting clients in achieving core objectives like reducing costs and increasing efficiency in space operations, and improving quality and upgrading security control. This drives a comprehensive leap from traditional static physical spaces to perceivable, thinking, iterative, and self-evolving smart ecological spaces.

② Smart office products: A new generation of digital productivity driven by AI intelligent agents

With AI intelligent agents at its core, the Company reconstructs the entire process of office scenes, creating an efficient, convenient, secure, and human-centric new generation of smart office system. Leveraging multimodal BioCV, cloud-terminal collaboration, and intelligent scheduling technologies, we break down barriers in office processes such as attendance management, access control, meeting scheduling, document circulation, and logistics support, achieving full-scenario intelligent services like frictionless access, smart attendance, one-click meeting services, and automated approval. By using AI intelligent agents to replace repetitive office operations, optimizing office workflows, streamlining labor costs, and breaking the spatiotemporal limitations of offline work and remote collaboration, we drive the transformation of office models from traditional manual control to an intelligent, efficient, and flexibly collaborative digital productivity model, fully empowering enterprises with office efficiency innovation and digital transformation.

③ Digital identity authentication products: Building the infrastructure for a trusted digital world

The Company's digital identity authentication business seamlessly integrates multimodal BioCV, advanced large models, and blockchain technology to establish a precise, secure, and user-friendly identity authentication system, laying a robust foundation of trust for the digital world. By harnessing the distinctiveness of biometric features, the advanced deep learning capabilities of large models, and the decentralized and immutable nature of blockchain technology, the Company's digital identity authentication services can ensure both precise identity verification and robust data security.

④ Smart business products : AI-driven, leading business transformation

The Company's smart commercial business, with multimodal large models and AI intelligent agents as its core engine, deeply integrates the "AI + digital signage" ecosystem. Focusing on the general retail and catering industries, it assists traditional businesses in upgrading from "hardware enablement" to "full-link digital and intelligent operations". The core business revolves around "people-goods-places" full-domain synergy, providing cloud service digital solutions and full-lifecycle operational services, to build a new type of comprehensive, all-scenario, and full-chain borderless retail platform. The solution is based on the ZKDIGIMAX Level3 platform, encompassing intelligent hardware terminals such as digital marketing screens, electronic shelf labels, AI shelves, and smart shopping carts. It deeply integrates core digital intelligence capabilities like AI agents, virtual digital humans, and intelligent customer service, adopting a cloud service hosting model to build an integrated smart commercial ecosystem of "hardware terminals + digital intelligence capabilities + operational services". The solution enables real-time insights into consumer behavior, dynamic product optimization, and automatic adjustment of marketing strategies, helping merchants achieve refined operations and enhanced experiences, and driving the transformation of traditional retail towards a new paradigm of "borderless retail" and "AI-native commerce".

⑤ Smart living products: Expanding into the smart outdoor domain and optimizing the smart living product system

During the reporting period, the Company acquired 55% of the shares from the original shareholders of Longzhiyuan and obtained controlling interest in Longzhiyuan. Following the acquisition, Longzhiyuan was included in the Company's consolidation scope. Longzhiyuan is a company specializing in audio-visual and optical equipment in the smart outdoor domain. It focuses on niche markets, aiming for smart living, and is dedicated to developing smart products related to daily life. Currently, Longzhiyuan's products primarily include two major series: outdoor products and smart home, with outdoor tracking cameras as its core product. Longzhiyuan's business encompasses ID design, software and hardware design, and manufacturing. While providing ODM services for multiple professional

outdoor brands, it also sells its own branded products through overseas e-commerce channels. This acquisition expands the Company's smart living products into outdoor areas, enriching the product array in smart outdoor business scenarios.

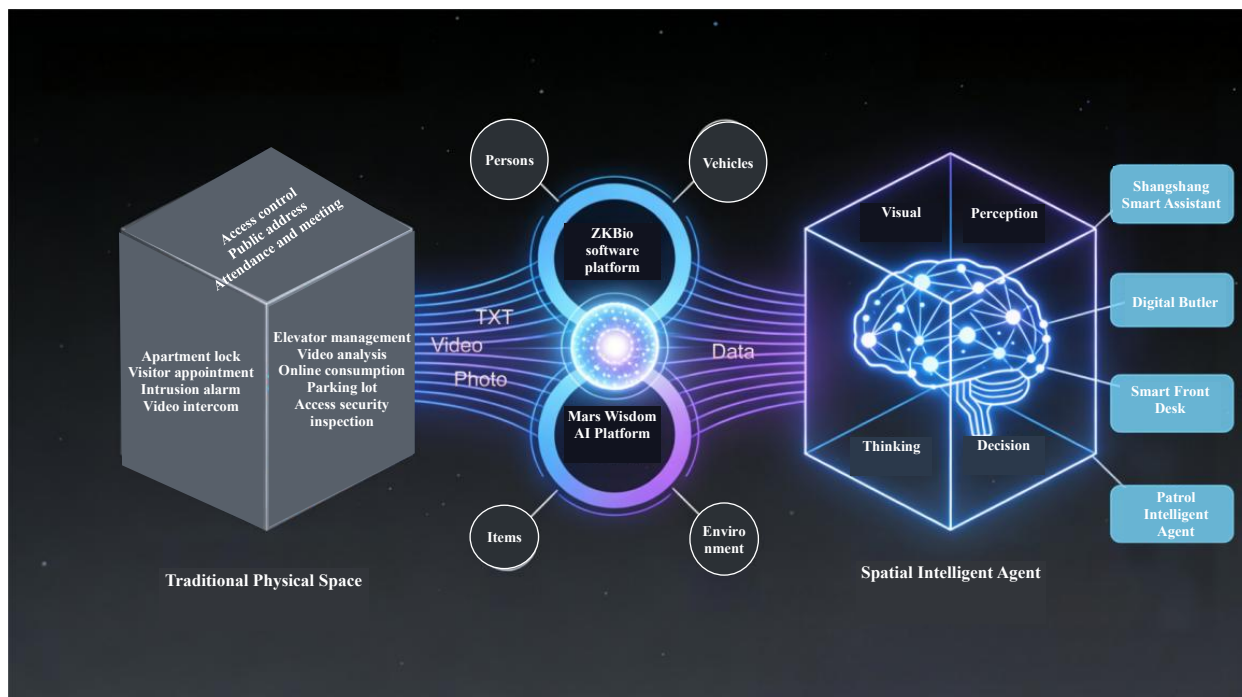
2. Comprehensive product system and cloud O&M service ecosystem

The Company leverages multimodal BioCV models and AI cognitive spatial computing as its core engine to build a full-stack technology system covering endpoint, edge, and cloud. This upgrades various smart terminals from single-perception devices to edge intelligent nodes capable of real-time inference and autonomous decision-making, while enabling model iteration, data governance, and large-scale service delivery through a cloud platform. Building on this foundation, the Company has established a unified technical base and application synergy across four major domains: smart space, smart office, digital identity authentication, and smart retail. This drives the evolution of its product system from functional systems to task-driven AI agent networks, enabling the system with closed-loop capabilities of perception, understanding, decision-making, and execution. Concurrently, with cloud O&M services at its core, the Company builds a full lifecycle service system covering deployment, O&M, optimization, and upgrades. This accelerates the transformation of its business model towards SaaS and continuous services, and through global multi-scenario data accumulation, forms a "data-model-application" positive flywheel. The Company is building next-generation digital infrastructure based on spatial computing and multimodal intelligence, enabling the physical world to gradually evolve into computable, cognitive, and evolvable intelligent systems. This drives efficiency improvements, security upgrades, and operational model restructuring globally.

(1) Smart space business

ZKTeco is leveraging AI cognitive spatial computing as its core driving force, integrating the ZKBio software platform and the Mars Wisdom AI platform, to build a full-element multimodal perception and understanding system covering people, vehicles, objects, and the environment. On this technical foundation, the Company is upgrading its traditional system architecture, which centered on "physical space management", to a spatial intelligence system driven by data and models. This transforms space from a passive carrier responding to commands into a "spatial intelligent agent" capable of perception, understanding, and decision-making. By introducing an AI agent mechanism, space no longer merely performs management functions but can conduct autonomous analysis and dynamic optimization based on real-time data. This enables the synergistic evolution of security, access control, energy consumption, and service experience, thereby transforming traditional spaces into "user-oriented intelligent agents" with continuous learning and adaptive capabilities. This transformation not only redefines the interaction between people and space but also drives the upgrade of operational models from human-driven to intelligent-driven. While significantly enhancing operational efficiency and user experience, it provides a quantifiable and optimizable technical path for green, low-carbon, and sustainable development.

The comparison between traditional physical spaces and the Company's spatial intelligent agents in the smart space domain is shown in the figure below:



The Company's smart space business layout is as follows:



① Smart Space Business Products and Solutions – ZKBio Management Software Platform

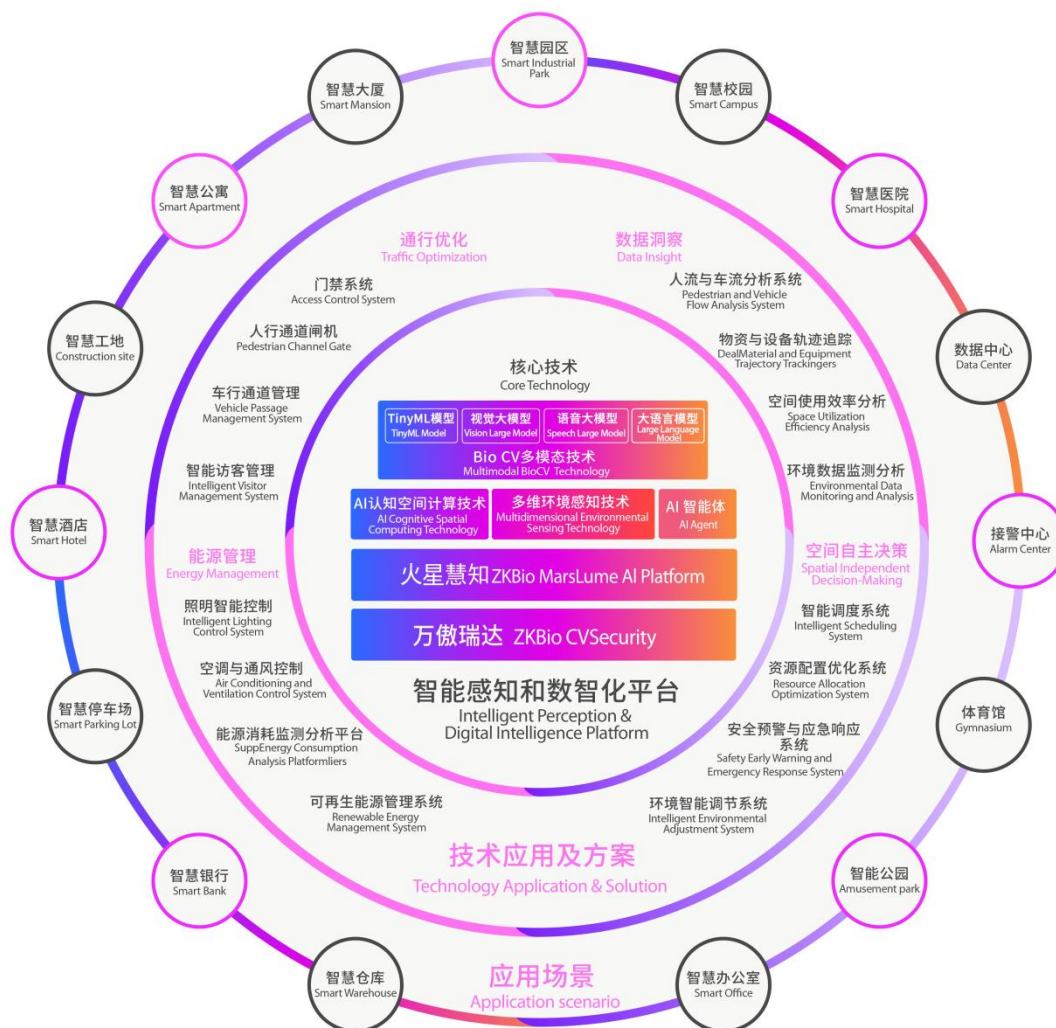
The ZKBio Intelligent Integrated Management Platform (ZKBio CVSecurity) takes "creating a smart space for all scenarios" as its core goal. By deeply integrating multimodal BioCV TinyML technology with the IoT perception system, it has built a space intelligent management platform covering "people, vehicles, objects, and environmental energy". With the machine vision intelligent analysis provided by the Mars Wisdom platform as the technical foundation, the platform integrates personnel biometrics, behavioral characteristic recognition, vehicle recognition, and intelligent scene algorithms, achieving a full-link and full-scenario deep integration of 18 business subsystems such as access control, visitors, passages, parking, video perception, and space environment perception, forming a closed-loop smart ecosystem from space access and operations to energy consumption management.

As the platform's capabilities continue to evolve, the Company further introduced an AI Agent technology architecture, building

an enterprise-level AI Agent platform and a "Smart Space Assistant" tailored for smart spaces. This capability, through natural language interaction and intelligent task orchestration, achieves intelligent collaboration across various business types, including campus management, space operations, and device control. This drives the transformation of space management from traditional system operations to conversational space management and AI Agent collaborative management. The platform can automatically complete office and space service processes such as visitor invitations, meeting space management, and permission and parking resource allocation. It also integrates with video sensing and IoT devices to enable capabilities like environmental control, anomaly analysis, and intelligent inspection. Concurrently, based on the platform's accumulated data, it generates campus operation analysis and management reports.

Leveraging AI Agent capabilities and its knowledge base system, the platform has also built a smart space digital employee system designed for O&M and security scenarios. This system, through knowledge base Q&A and SOP (Standard Operating Procedure) intelligent handling mechanisms, provides O&M and security personnel with event analysis and handling suggestions. It also supports linking with smart terminals, such as patrol robots, to execute inspection tasks, thereby further enhancing campus operation efficiency and safety management levels. Through the aforementioned technological upgrades, the ZKBio platform is gradually evolving into a spatial AI operating system for smart campuses and smart buildings, offering enterprises and urban spaces more efficient and intelligent digital management capabilities.

The panoramic view of the ZKBio Intelligent Integrated Management Platform is as follows:



The main characteristics of the ZKBio Intelligent Integrated Management Platform are as follows:

a. All-scenario integration:

Based on a micro-service distributed architecture, the platform supports the flexible combination of modules such as video perception, parking management, and elevator control systems. Through a GIS map (Geographic Information System map) visualization interface, it builds a three-dimensional security prevention system of "circle-line-surface-point". At the same time, it enhances the hybrid cloud deployment capability, supporting dynamic modeling of smart spaces and real-time analysis of energy consumption data, making carbon footprint management in office parks, communities, and other scenarios possible.

b. Intelligent decision-making hub:

Relying on multimodal BioCV TinyML technology, IoT perception, and Mars Wisdom platform, it has constructed "one center" and "four intelligent defense lines":

- One center: Monitoring Center (including video alarms, real-time TV wall monitoring, and custom dashboards);
- The first line: Physical space access control is achieved through seamless passage (multimodal BioCV recognition for pedestrian and vehicle gates/channels);
- The second line: Process supervision is strengthened through electronic fences and AI video perception (loitering detection/intrusion detection).
- The third line: By integrating the access control and elevator control linkage mechanism, after identity verification through access control, the smart elevator dispatching system is activated to improve elevator operation efficiency, reduce stop time, and lower motor wear.
- The fourth line: It provides post-event verification tools such as personnel trajectory tracking and vehicle feature search.

c. Ecological expansion capability:

Adopting standard API interfaces and custom data integration modules, it can interface with third-party systems and support rapid algorithm model iteration. Through a hybrid cloud technical architecture, it supports LAN and WAN communication. Through the ZKBio app and mini-program, users can complete visitor reservations, remote elevator control, and video intercom operations. Meanwhile, the platform ensures full-chain information security through HTTPS encryption transmission and data desensitization technologies. This "end-edge-cloud" collaborative smart space solution is driving traditional management towards digitalization and smart transformation.

d. Mobile and cloud capabilities:

The ZKBio platform now features the ZKBio APP and ZKBio Assistant mini-program, integrating core applications such as attendance, consumption, access, and visitor management in one stop, deeply merging mobile and cloud technical capabilities to provide users with a convenient and efficient one-stop smart service experience.

② Access control products

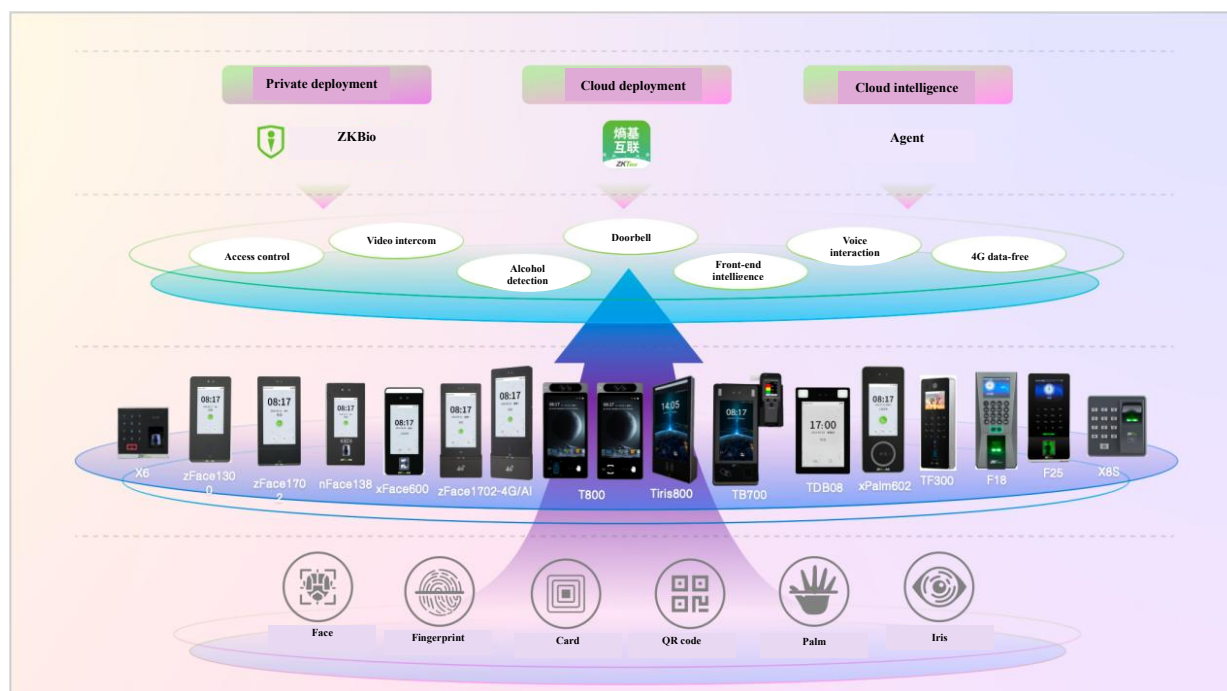
In space management, entrance and exit management is a crucial component. ZKTeco's access control products are smart terminals that verify and logically judge the access rights of entrance and exit based on multimodal BioCV. Traditional access control products, depending on the biometric verification method, can be divided into single biometrics devices and multimodal recognition products combining multimodal BioCV methods. With the enhancement of product capabilities and changes in business models, the Company's access control products have iterated into three product forms: traditional products, cloud access control product entry points, and smart network edge products.

Traditional products: Smart identification access control terminals, extending video intercom applications and doorbell three-in-one capabilities, without the need for software management or private server deployment.

Cloud access control product entry points: Based on traditional access control products, users are free from software deployment, connecting to cloud servers to simplify maintenance.

Smart network edge products: Enhanced with AI capabilities, enabling front-end voice interaction and back-end multi-device collaboration, to achieve edge intelligence.

The Company's multimodal biometrics sensing terminal products are shown below:



During the reporting period, the Company continued to optimize its biometrics solutions, and launched 4G data-free products, front-end/cloud-based smart products supporting voice interaction, and products supporting new alcohol detection solutions.

Similarly, in response to complex multi-access control interlocking scenarios, the Company has launched access controller products, which are paired with multimodal BioCV collectors, a wide range of fire, water, electricity and gas sensors, as well as alarm systems, to form a comprehensive system solution integrating personnel identification and spatial security. This solution is mainly applied to medium and large-scale project sites with a large number of access control points and high security requirements. Accessible collection methods include facial features, fingerprints, RFID cards, QR codes and passwords. The device has professional access control function and supports unified management on the software platform.

During the reporting period, the Company launched the industry's first palm reader PR1200, and the industry's first edge intelligent video analysis hub InbioCV160 based on an access controller. This product is suitable for lightweight video analysis applications in small to medium-sized scenarios, with built-in access control management and NVR, and possesses video analysis capabilities such as text search, helmet detection, video anti-intrusion, and absence detection. It also supports an online algorithm marketplace, allowing algorithms to be updated on demand.

The main intelligent video analysis access controller scenarios of the Company are shown below:



③ Channel products

As an intelligent device for controlling the entry and exit of people, the pedestrian gate is increasingly widely used in various fields with the rapid development of digital technology. Currently, in places such as schools, high-end residential areas, scenic spots, stations, customs, airports, terminals, office buildings, and sports venues, where there is a need for crowd management, identity verification, and self-service charging management, automated channel gates have gradually replaced the traditional manual ticket checking or access verification mode.

The pedestrian gate products meticulously developed by the Company integrate multimodal biometrics and RFID identification, and also feature multiple infrared passage detection functions for human bodies and objects, enabling efficient intelligent control and management of the channel. The Company has continuously delved into and expanded in core technologies such as video detection, image recognition, behavior analysis, and feature comparison. With its leading multimodal BioCV technology and the outstanding ZKTeco cloud IoT platform Minerva IoT, it provides strong and continuous empowerment for pedestrian channel products.

Based on a precise understanding of the demand characteristics of different pedestrian channel scenarios, the Company has successfully developed a series of self-service settlement and passage products and solutions that can meet the usage needs of various scenarios such as libraries, sports venues, scenic spots, conferences, unmanned supermarkets, communities, schools, airports, border inspection, subways, and high-speed railway stations, fully promoting the upgrade of convenient travel experiences in these passage scenarios. The Company's independently developed video passage detection algorithm and device can accurately detect, promptly alarm, and effectively dissuade abnormal behaviors such as tailgating, intruding, walking side by side, and hugging, leveraging advanced AI technology. This innovative achievement not only significantly reduces the workload of staff but also significantly enhances the security of control and the accuracy of passage data.

During the reporting period, the Company, in response to the demands of high-end commercial scenarios, actively promoted the in-depth integration and application of cutting-edge technologies such as multimodal recognition, holographic projection, and smart commercial displays with pedestrian gates, continuously exploring innovative applications, and striving to provide customers with more high-quality and intelligent solutions.

The Company's access control application scenarios developed for school environments are shown below:



④ Smart parking

To build a smart space operation ecosystem, with smart parking and smart charging as important business components, the Company relies on a "cloud+edge+AI" technology architecture to create an all-scenario smart parking and charging integrated solution. This solution takes digital twin technology as its core and, through the digital transformation of all elements, achieves the deep integration of the physical and digital spaces of parking lots, and builds a smart management system that coordinates people, vehicles, charging piles, and parking spaces. This solution can easily realize self-service charging, self-service payment, and real-time cloud management, helping parking lots and operation entities comprehensively improve their smart parking and charging management levels.

Based on the smart space central system, the Company integrates AI technologies such as 5-megapixel license plate recognition, parking space status perception, and charging load prediction, as well as a smart terminal matrix including intelligent license plate recognition all-in-one machines, automatic barriers, charging piles, parking space management cameras, and parking space locks, to create an all-scenario smart parking and charging integrated solution.

During the reporting period, the Company successively released ZKTeco Cloud Parking V1.1 IoT cloud parking management platform, LCD screen License plate recognition all-in-one machines (LPR80-LCD, LPR100-Y-LCD and LPR8800-Y-LCD series), DC brushless barrier gates (PBH6000-Y series and PBL700 series), advertising barrier gate products (PBG600 series), integrated license plate recognition auxiliary machines (LPR-FZ01), and barrier gate anti-smash radar detectors (ZK-RD02-79). Concurrently, the Company launched the CP9-DC060&080&120&160 series second-generation DC charging piles. This makes the Company's products and solutions more competitive in the smart parking market, better meeting the parking and charging integrated management needs of various application scenarios such as administrative agencies, enterprises and institutions, industrial parks, industrial zones, shopping centers, scenic spots, communities, and public charging stations. This helps operation entities achieve digital operation management, improve the utilization rate of charging and parking, reduce the operating costs of parking lots, increase efficiency and reduce staff, and also provides car owners with a comfortable parking and charging experience.

The Company's integrated charging and parking management scenarios are as follows:



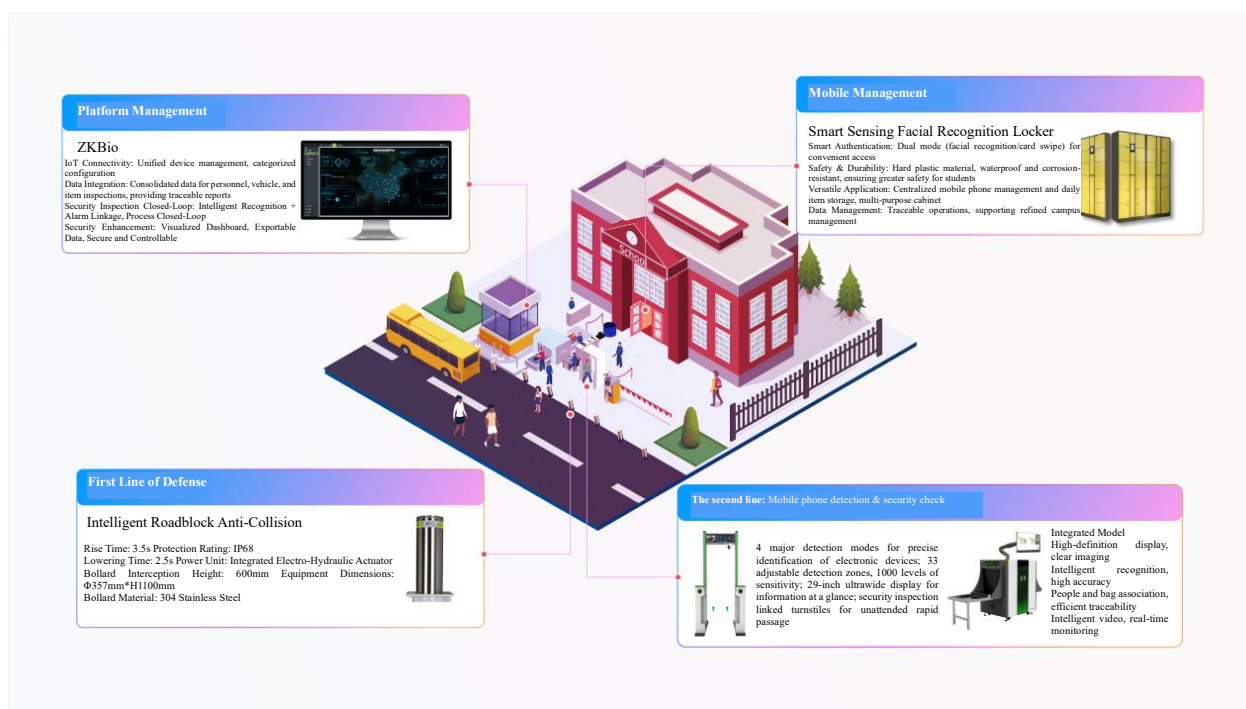
⑤ Smart security inspection

The Company has developed a comprehensive smart security inspection product matrix for people, vehicles and objects, covering all scenarios. It includes core equipment such as intelligent X-ray scanners, walk through metal detectors, handheld metal detectors, vehicle underbody scanning systems, and liquid detectors. The Company possesses independent technical capabilities from hardware R&D to AI algorithms. Relying on its intelligent recognition system driven by deep learning algorithms, the Company launched a new series of X-ray scanners integrated with intelligent analysis algorithms during the reporting period, assisting security inspectors in quickly identifying prohibited items. The people and bag association system accurately links the images of people and bags, efficiently tracing and restoring the security inspection process. The smart walk through metal detector, combined with AI algorithms, precisely identifies prohibited items such as mobile phones and knives.

The Company has formed professional security inspection solutions for the security needs of various scenarios such as rail transit, large-scale events, judicial institutions, major venues, and hospitals. In recent years, it has further extended to industries such as logistics sorting, education, and factories, developing smart security inspection products with industry-specific adaptability, such as X-ray scanners, mobile phone walk through metal detectors, and high-precision walk through metal detectors, to build professional products and solutions covering specific fields.

On December 18, 2025, the General Office of the State Council issued the "Opinions of the General Office of the State Council on Combating Tobacco-Related Illegal Activities Through Full-Chain Enforcement (GBF [2025] No. 44)", strictly cracking down on cross-border smuggling and illegal activities in domestic logistics channels, promoting the intelligent upgrade of logistics security inspection, and the growth potential for logistics security inspection products and solutions in segmented fields is significant.

The Company's smart security inspection scenarios are shown below:



⑥ Broadcasting audio

As an auditory perception system, broadcasting audio plays a crucial role in smart building spaces. It provides efficient and precise information transmission for building spaces, ensuring clear and timely broadcasting services in various scenarios such as background music, information notification, and emergency evacuations.

The Company offers a wide range of broadcasting audio products including analog broadcasting and network broadcasting, which can be integrated into the ZKBio software platform. Through the ZKBio platform, they can be seamlessly connected with other intelligent systems in the smart space, enabling coordinated control and enhancing overall operational efficiency.

Moreover, the Company's broadcasting audio products emphasize audio quality, employing advanced audio processing technologies to ensure clarity and fidelity, thereby creating a superior auditory experience for users. The products are designed to blend seamlessly with the building space, featuring simple and elegant appearances, flexible and convenient installation, and adaptability to different architectural styles and spatial layouts.

In addition, they support remote management and intelligent operation, facilitating maintenance and upgrades. They provide strong support for the management of smart building spaces.

The Company's broadcasting audio scenarios are as follows:



⑦ Intrusion alarm

In the smart building space, the intrusion alarm system plays a crucial role in safeguarding security. It integrates multiple detection technologies, such as infrared, microwave, sound waves, and vibrations, to ensure precise perception of abnormal situations. In terms of communication methods, it utilizes SBUS bus technology (Serial Bus, i.e., serial bus technology), which can be integrated into the ZKBio comprehensive software platform. Through the ZKBio software platform, seamless integration and linkage with sub-business systems such as video and access control can be achieved, forming an integrated security solution to meet the needs of different building environments, enhance overall security management levels, and provide a solid guarantee for the safe operation of smart building spaces.

The Company's intrusion alarm scenarios are as follows:



⑧ Smart environmental perception

In smart building spaces, IoT devices optimize office environments and resource utilization through interconnection and real-time monitoring, assisting enterprise parks and office buildings in achieving energy-efficient and low-carbon operations.

The main IoT devices include smart lighting systems, smart air conditioning systems, and smart curtains, among others. Smart lighting systems can automatically adjust brightness based on natural light and human activities, saving energy while providing a comfortable light environment; smart air conditioning systems can automatically regulate temperature and air volume through temperature and occupancy sensors, improving energy efficiency; smart curtains can automatically open and close based on light and time, coordinating with indoor light management.

In addition, there is a smart meeting system that integrates functions such as meeting reservations, access control, and equipment management. Users can reserve meetings through a PC or mobile phone, and the system will automatically notify relevant personnel and prepare necessary equipment such as projectors and audio systems in advance. During the meeting, the system automatically adjusts the indoor environment to the best state. After the meeting, the system automatically turns off related power-consuming devices, saving energy.

The application of these IoT devices not only reduces energy consumption but also reduces the need for human labor through automated management, achieving a win-win situation of cost-effectiveness and environmental protection.

The Company's main smart environmental perception scenarios are as follows:



⑨ Smart video

Computer vision perception technology is a technique that uses sensors (such as cameras, lidars, infrared sensors, environmental sensors, etc. and their integration) and algorithms to simulate the human visual system, obtaining, understanding and processing image or video data from the spatial environment. Its core objective is to endow machines with the ability to "understand the world". Video image acquisition devices have always been one of the main visual data entry points for spatial IoT perception systems.

Based on computer vision perception technology and combining the Company's long-term technological accumulation in deep learning, BioCV computer vision, AI, and Minerva IoT cloud platform, the Company continuously has optimized its product array layout, enhanced user experience, and provided a complete set of competitive smart video system product matrix, mainly including: front-end smart network cameras, back-end smart network video recorders, smart edge analysis servers, video storage services, decoders, splicing screens and other hardware devices. At the same time, it is combined with the supporting ZKBio integrated

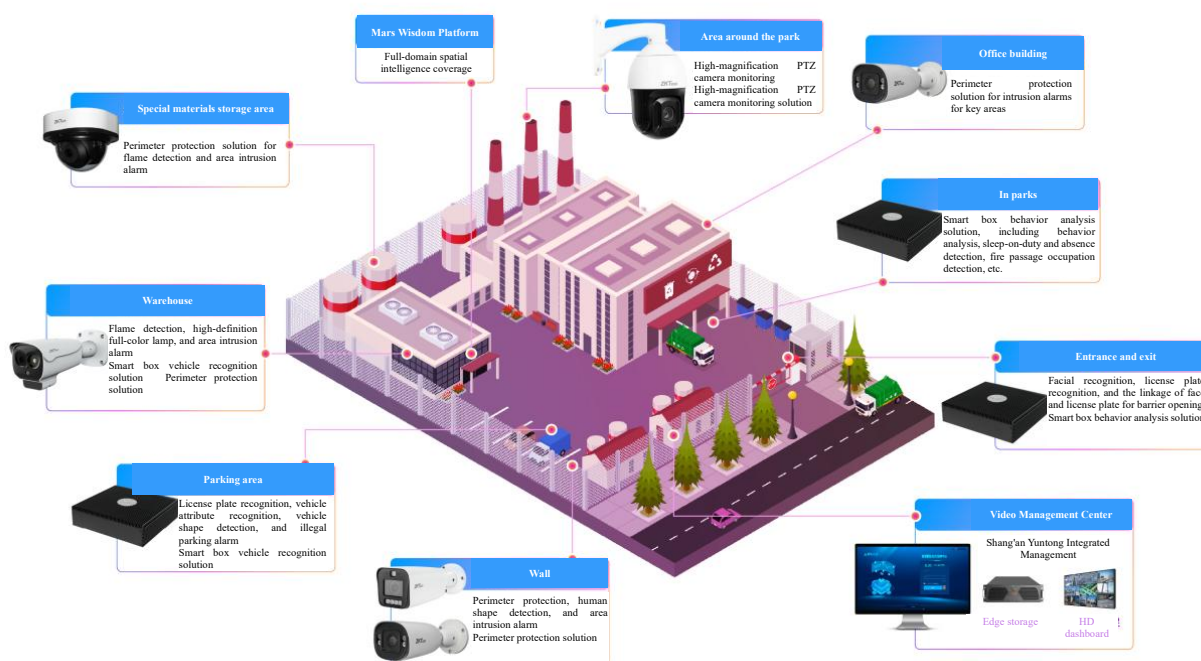
comprehensive management software platform and the cloud video mobile app based on the Minerva IoT cloud platform, comprehensively covering the end, edge, cloud, and service integration and collaboration of the professional smart video security system.

During the reporting period, by further integrating and connecting the smart video perception system with other subsystems of the Company such as the smart attendance system, smart access control system, smart channel system, security inspection system, smart parking system, and smart building system, and relying on the ZKBio Intelligent Integrated Management Platform to achieve global linkage and empowerment of software and hardware, the intelligent visualization management and intelligent linkage control of the overall system were achieved, effectively forming an overall security solution applicable to the spatial environment IoT perception.

With the rapid development of AI technology, during the reporting period, the Company innovatively leveraged BioCV multimodal technology, BioCV computer vision perception technology, and its independently developed BioCV TinyML architecture to successfully launch the "super brain" for smart spaces—the Mars Wisdom AI platform. By fully integrating the empowerment of the Mars Wisdom AI platform with the smart video subsystem, the Company officially launched the RS Swiss Army Knife series AI edge servers, including multiple versions such as RS1, RS2, and RS3. This series of AI edge servers not only supports the Company's independently developed BioCV TinyML models but also supports DeepSeek models with small parameters. It is capable of simultaneously processing multimodal data such as video, images, audio, and text, achieving full-element perception of "people, vehicles, objects, and environment". This provides real-time decision support for the management of comprehensive security solutions for IoT perception in smart space environments, thereby promoting the expansion of smart space business boundaries.

An integrated and comprehensive solution based on visual perception can be widely applied in various scenarios such as parks, communities, campuses, and enterprises. During the reporting period, the Company, in its smart video perception subsystem, primarily focused on developing and implementing solutions around the vertical niche scenario of smart parks, launching Mars Wisdom AI-powered intelligent algorithm solutions for production safety supervision and "Bright Kitchen" intelligent algorithm solutions, further delving into scenario-based demands for spatial intelligence, and continuously implementing successful projects.

The typical scenarios of the Company's smart video are illustrated as follows:



⑩ Smart building space solution

The smart building space solution can provide timely background music to create a relaxing atmosphere, control the fresh air system to keep the air fresh and pleasant, sense temperature and humidity to offer a comfortable environment, simplify user operations

with smart voice interaction, reduce elevator waiting time with smart elevator scheduling, and automatically adjust the number of lights by combining light perception and weather forecasts. Through advanced digital and intelligent technologies, it enhances personal experience from multiple dimensions.

The smart building space solution aims to achieve intelligent and efficient building operation by integrating multiple functional modules such as access control systems, visitor systems, elevator control systems, public broadcasting systems, parking systems, video perception systems, and intrusion alarm systems, along with full business integration and global linkage, thereby improving the building's safety and convenience. In addition, the smart building space solution supports emergency response mode, integrating smoke detection, emergency notifications, broadcasting, and opening of escape routes. It ensures rapid response from fire occurrence to event handling and minimizes personnel and property losses in emergencies.

The scenario diagram of the Company's smart building space solution is as follows:



⑪ Smart apartment space solution

The smart apartment space solution integrates multiple functional modules such as access control, elevator control, video intercom, smart locks, parking lot management, consumption systems, video perception, and alarm systems, achieving intelligent and efficient apartment operation.

In terms of personnel management, access control and entrance/exit control devices are installed at key locations such as apartment entrances and passages, effectively preventing unauthorized personnel from entering and reducing potential security risks.

In terms of visitor management, the solution offers an integrated solution including self-service reservation and multimodal BioCV, enhancing the visitor experience and management efficiency.

The parking lot management module uses license plate recognition technology to automatically identify and restrict external vehicles from entering, enabling seamless passage and improving user experience.

The video perception and smart analysis module deploys high-definition cameras and intelligent video analysis edge servers to comprehensively monitor and intelligently analyze key areas of the apartment, such as perimeter protection and key personnel control, effectively enhancing security levels.

Furthermore, the solution emphasizes data security and privacy protection, adopting the ZKBioHA high availability solution to ensure data integrity and security, meeting high standards for data security requirements.

The architecture diagram of the Company's smart apartment space solution is as follows:



(2) Smart office business

The Company, with multimodal BioCV technology and IoT perception technology as its core, provides intelligent solutions for enterprises and institutions covering scenarios such as attendance, visitors, meetings, and consumption, aiming to optimize time management and operational efficiency. These intelligent solutions integrate AI agents and cloud technology to create an intelligent time management solution and a one-stop smart office ecosystem, making work more efficient and enjoyable.

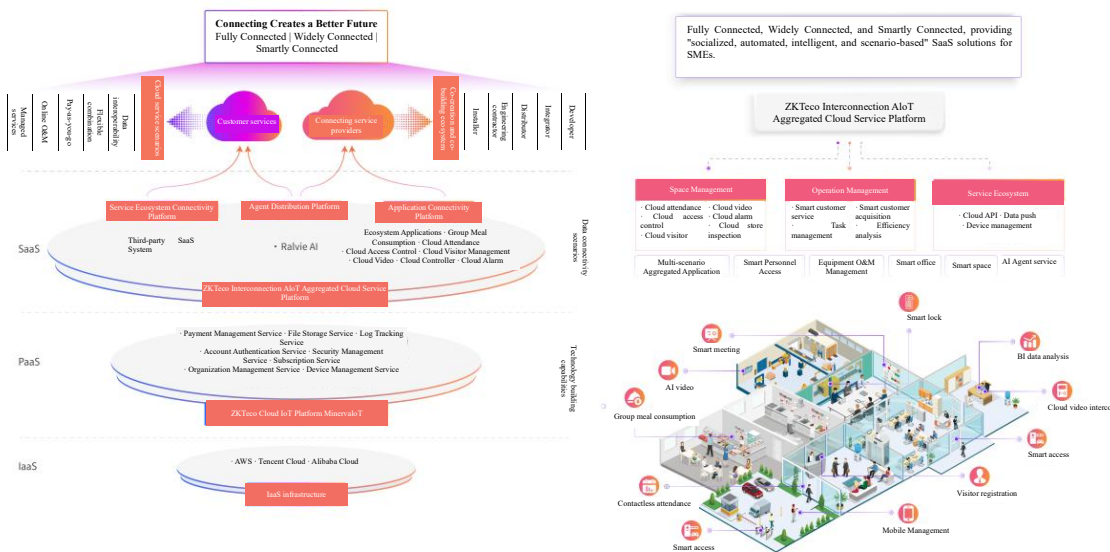
① ZKTeco Interconnection: AIoT Cloud Scene Ecosystem Platform

The Company continuously innovates cloud service products based on the demands of IoT scene ecosystems to meet the diverse needs of SMEs. By deeply integrating technology and scenarios, it is committed to providing efficient, convenient, and secure digital solutions for SMEs, helping them transform from a rough to a scaled and formalized operation.

ZKTeco Interconnection adheres to the product philosophy of "miniaturization, rapidity, lightness, and precision", and tailors cloud service products for the digital transformation needs of SMEs. The Company emphasizes the ease of use and practicality of its products to ensure that enterprise users can "use them proficiently, effectively, and frequently". Through the integration of "end-edge-cloud + AI" technologies, ZKTeco Interconnection products can achieve comprehensive perception, intelligent analysis, and efficient management. By continuously investing in R&D, the Company deeply integrates new technologies with scene solutions to provide better cloud scene solutions for enterprises.

The ZKTeco Interconnection: AIoT Cloud Scene Ecosystem Platform scenarios are as follows:

ZKTeco Interconnection



The ZKTeco Interconnection Cloud Scene Solution mainly includes the following contents:

- Cloud attendance: Achieve remote attendance management and improve attendance efficiency;
- Cloud access control: Remotely control and manage access control systems to enhance security levels;
- Cloud visitor: Manage visitor information and improve visitor management efficiency;
- Cloud video intercom: Realize video intercom functions and enhance communication efficiency;
- Cloud video: Achieve video perception and intelligent management to enhance security prevention capabilities;
- Cloud consumption: Record and manage enterprise consumption data and provide consumption analysis reports;
- Cloud alarm: Security alarm system, achieving real-time monitoring of abnormal situations and timely issuance of alarm notifications;
- Cloud store inspection: Achieve remote store inspection management and monitor store operation conditions through digital means to improve management efficiency;
- Cloud device management: Facilitate device management and monitoring of device status to enhance O&M efficiency.
- Scenario-based intelligent agent construction: Through a self-developed Agent development platform, deeply integrating large model capabilities such as DeepSeek, Doubao, and ChatGPT, and combining with ZKTeco Interconnection's currently launched business functions, to build self-contained business intelligent agents, such as intelligent customer service, visitor appointment, approval workflow, precise scheduling, etc.

In addition, the Company's ZKTeco Cloud IoT Platform Minerva IoT+ ZKTeco Interconnection can work with ecosystem partner platforms to build a new digital-intelligent IoT model of "smart office + smart space". The Company's business cooperation model with WeCom and Lark is shown below:



The cooperation between ZKTeco and WeCom has a long history. Since 2019, both parties have collaborated for many years in the field of enterprise digital transformation, accumulating rich experience in collaboration. This upgraded "Cloud-to-Cloud Direct Connection" mode represents a major breakthrough in the technological and ecological integration of both parties. Through "Cloud-to-Cloud Direct Connection", terminal devices can flexibly support binding to either the ZKTeco Interconnection APP or WeCom, greatly enhancing device compatibility and usage flexibility.

The characteristics of this business are detailed below:

Universal Models, Flexible Adaptation: ZKTeco's universal attendance and access control cloud devices fully support a "dual-version" mode. Users can freely choose their binding method, whether through the ZKTeco Interconnection APP or WeCom, significantly enhancing device compatibility and adapting to a wider range of scenarios.

Business Enhancement, Market Expansion: Dual-version support not only boosts the market competitiveness of the devices but also significantly expands the customer base through WeCom's vast user base and ZKTeco Cloud's industry coverage, creating double market opportunities for businesses.

Synergistic Complementarity, Jointly Serving Premium Customers: Both parties serve the same customer based on their respective areas of expertise, providing extensive value-added opportunities throughout the customer lifecycle.

Product value of ZKTeco Interconnection Cloud Scene Solution:

A. Product value provided to partners

After the product is launched, it can provide partners with customer management, application subscription management, product after-sales service, digital marketing tools and strategies, intelligent equipment O&M systems, etc. It can guide partners in transforming their marketing models from the current role of channel service providers, which primarily focus on product sales, to a more sophisticated marketing model that emphasizes delivering high-quality services to users and engaging with them on a deeper level. This transformation will facilitate connections with new business models.

B. Product upgrade provided to customers

After the product is launched, combined with the mobile Internet and IoT ecosystem, it provides convenient product forms for end users and various cloud-based SaaS applications such as cloud attendance, cloud access control, cloud visitor, cloud consumption, and cloud video. Users can subscribe and combine them flexibly according to their current business needs and scenarios, and can also expand them elastically according to the needs of their own enterprise development. The product creates a software and hardware integrated, scenario-based, and intelligent product experience through various product forms such as mini-programs and apps.

C. Upgrade of product marketing and operation model for new business paradigms

After the product is launched, combined with the current new trends in digital marketing, it builds a marketing and operation model suitable for new user groups through the WeChat official account ecosystem, TikTok ecosystem, etc. Based on the operation strategies of public and private domain traffic, it connects the entire chain of customer acquisition, retention, conversion, repurchase, and viral growth, playing a bridging role in the construction of a digital marketing system and connecting the "user - service provider - ZKTeco" ecosystem platform to build new business competitiveness.

D. Upgrade provided to ZKTeco

Through the refinement of the product and the agile iteration verification process in the market, a new digital management architecture for ZKTeco's marketing organization is gradually built to achieve the transformation from a one-size-fits-all market demand to a personalized market demand. With a new and efficient organization, it dynamically meets the agile demand chain of new user groups. At the same time, based on the analysis of various data such as user data, device data, application data, scene data, and sales data, it improves marketing decision-making efficiency and accurately positions the direction of product iteration.

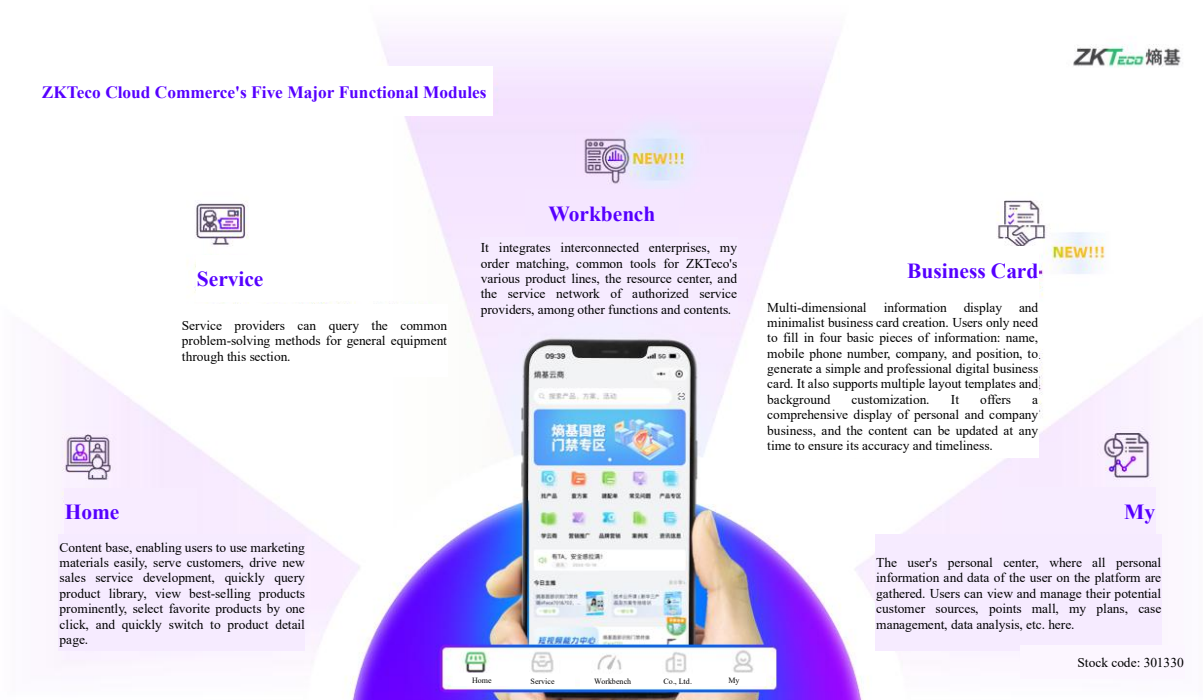
E. Ecosystem partners

Through various flexible methods such as "Cloud-to-Cloud Interconnection", "Cloud API", and "Application Availability", ZKTeco, leveraging smart office scenarios, can both partner with ecosystem partners to serve key accounts or vertical industry customers, and also address the vast SMB customer base with "nimble, efficient, refined, and accurate" small-scenario solutions, accumulating large-scale user data to provide data assets for future commercialization and monetization.

② ZKTeco Cloud Commerce: Digital and Intelligent Marketing Service Platform

By continuously promoting the construction of a new digital marketing system for "online + offline" channels, it helps partners enter the era of digital marketing. ZKTeco Cloud Commerce focuses on creating industrial internet community platform tools such as product stores, solution stores, application stores, knowledge stores, and service stores, serving millions of B2B practitioners and end users. It helps partners continuously evolve throughout the entire chain of marketing, customer expansion, operational monetization, and online services, strengthens industry chain's collaborative growth, and achieves resource optimization and allocation. It is committed to becoming a trusted one-stop high-quality product and service provider for users, collaborating with service providers to develop from traditional operations to digital operations, and providing customers with high-quality products and services through a one-stop digital marketing service platform.

Interface and functions of ZKTeco Cloud Commerce digital and grid-based marketing system are shown below:



The relevant functions are as follows:

[Home]: It includes a product database, solution database, marketing material database, case sharing library, information database, etc., serving as a digital information supermarket for marketing and customer acquisition.

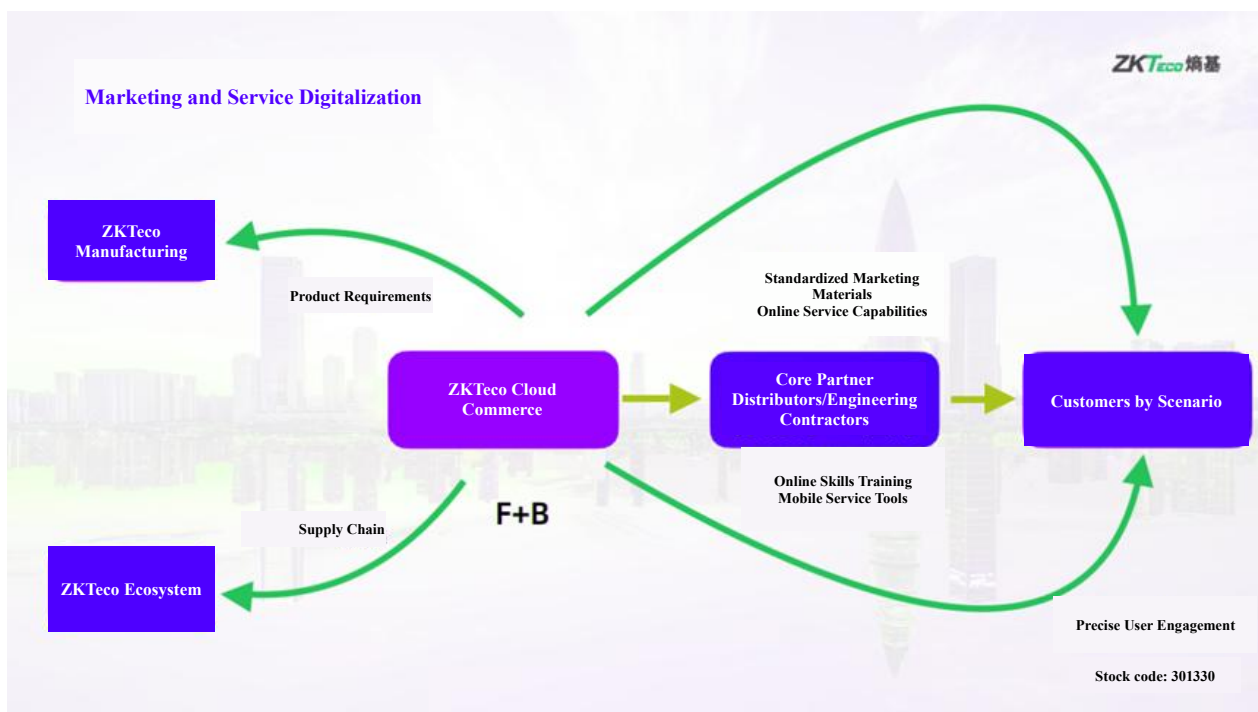
[Services]: The product FAQ (Frequently Asked Questions) database empowers after-sales service convenience, meeting the technical support needs of partners or enabling end customers to quickly self-diagnose product usage issues, thereby enhancing service efficiency.

[Workbench]: It includes mobile order placement, product debugging tools, and common product issue troubleshooting, etc., facilitating partners in marketing and service work. Based on location services, it connects the online and offline marketing and service networks, making it easier for customers to find us.

[Business Card]: Based on the efficient and fast ecological dissemination capability of electronic business cards, the new business card module enables partners to quickly create their company homepage information through the ZKTeco Cloud Commerce marketing system, and connect with customers through business cards to accumulate their own private domain traffic.

[My]: A system management assistant that makes operations simpler.

The ZKTeco Cloud Commerce Digital Marketing Service Tool Ecosystem Closed-Loop Diagram is as follows:



In addition, ZKTeco Cloud Commerce empowers B2B practitioners in marketing and service, and in conjunction with the offline [ZKTeco Smart Alliances] marketing service system, and continuously builds an [offline + online] front-end marketing and service, and back-end organization and coordination of new organizations. Through continuous system construction and improvement, it will provide digital and intelligent assistants to partners throughout the entire sales process, from pre-sale to post-sale. At the same time, with the continuous construction of the offline [ZKTeco Smart Alliances] marketing center, it will provide convenient and reliable support to end users in product experience, marketing services, training delivery, and local after-sales support, continuously enhancing end users' loyalty and stickiness to the brand.

③ Ralvie AI: Intelligent Time Management and Productivity Engine

Ralvie AI is an intelligent time management and productivity engine launched by the Company, positioned as an "Organizational Workload Structure Analysis Intelligent Agent". It evolves from "time management" to an "organizational and work intelligent agent", providing enterprises with decision support and resource optimization capabilities through deep integration of its AI capability hub with existing attendance hardware.

Ralvie AI's core concept: Let time work for you. It emphasizes empowerment over monitoring, focusing analysis on job roles and organizational levels. By enhancing data transparency, it improves management rigor, reduces subjective bias, and promotes collaborative growth for organizations and individuals under clear objectives.

Core functions of Ralvie AI:

A. Automatic work record and activity grouping

- Precisely record users' operation behaviors and time spent on various applications and websites.
- Automatically generate time logs for analysis and settlement.

B. Intelligent project and time management

- Distinguish billable from non-billable time.
- Analyze resource input and support better resource allocation strategies.

C. Intelligent work hours statistics and performance suggestions

- Generate dynamic work reports by day, week, and project.
- Provide actionable performance improvement suggestions.

D. AI-driven summary and mapping function

- Provide daily and weekly work summaries, extracting key events and data.
- Smartly map user activities to corresponding projects and tags, continuously learning user behavior preferences.

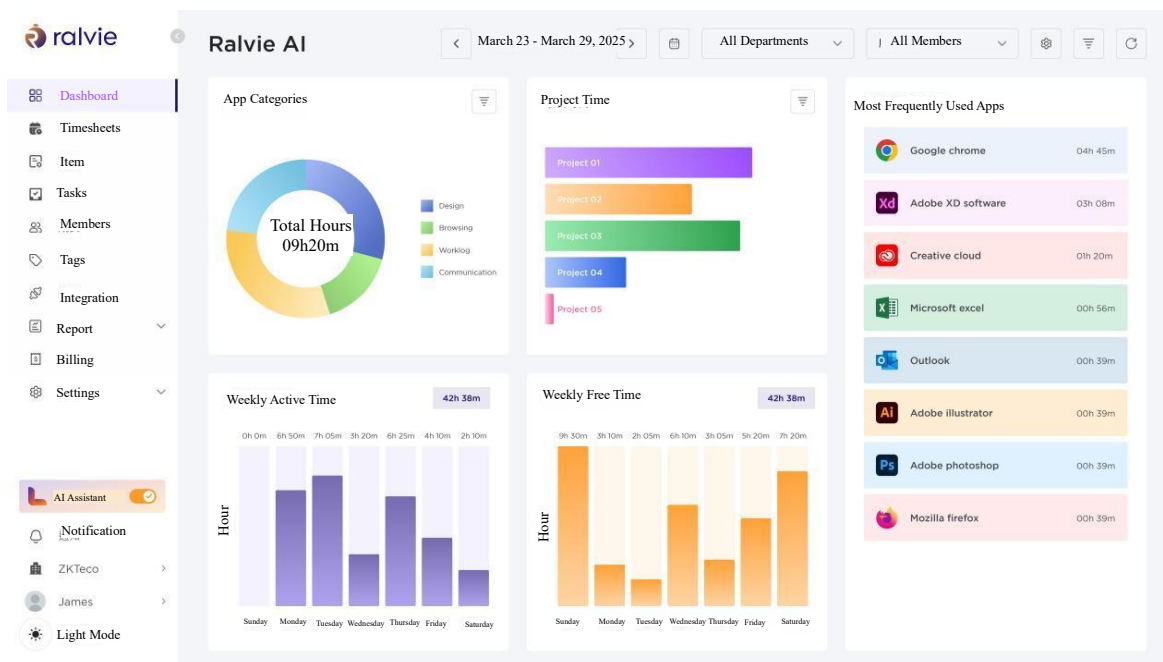
E. Visual reports and insight support

- Offer cross-dimensional insights for managers to enhance organizational decision-making speed and quality.

F. AI agent aggregation platform

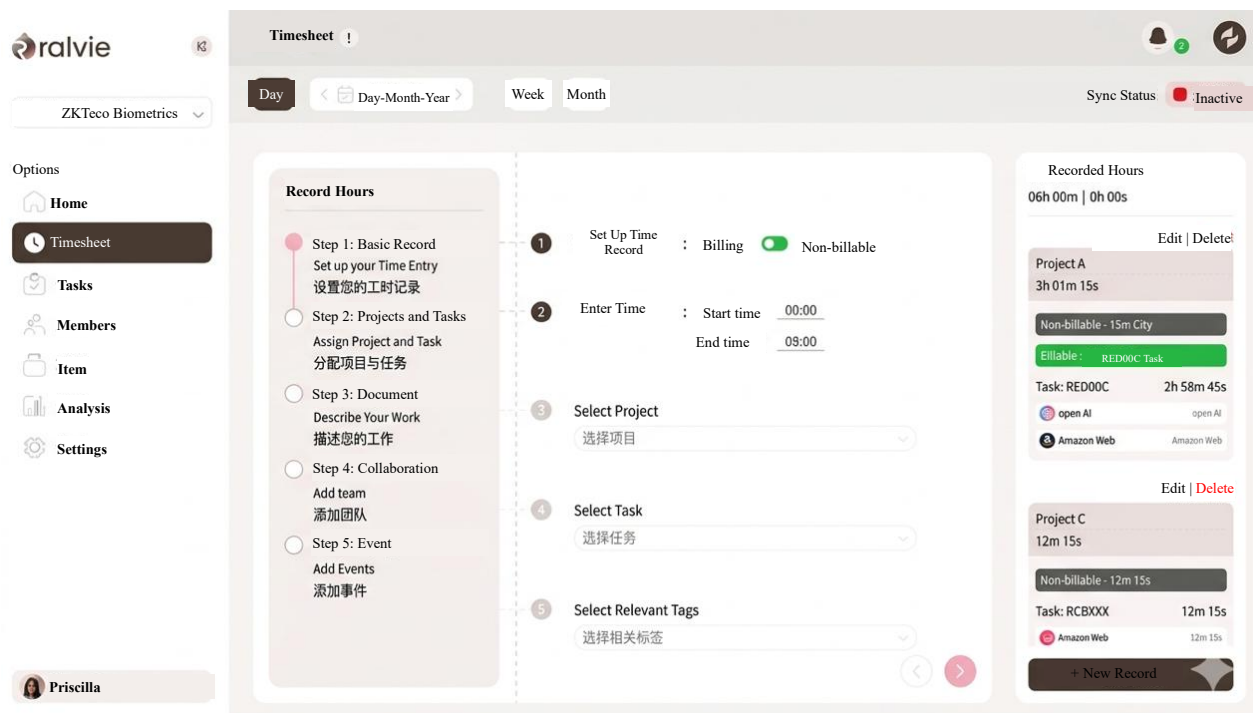
- Offer quickly subscribable and usable AI agent tools for managers or individual users, based on work scenarios and efficiency improvement needs.

The functional diagram of Ralvie AI is as follows:



Ralvie AI utilizes an AI-driven automation mechanism to continuously observe, learn from, and optimize the work behaviors of individuals or organizations. It not only provides real-time insights and detailed reports but also proactively offers optimization suggestions to help you make efficient decisions and enhance performance.

The Ralvie AI Work Time Accounting Form Diagram is as follows:



Applicable scenarios of Ralvie AI: Comprehensive coverage of all types of work roles

- **Freelancers/Remote workers**
 - Precisely record the time spent switching between multiple projects.
 - Enhance the return on investment and optimize the allocation of working hours.
- **Corporate employees/Team members**
 - Improve collaboration efficiency and track progress bottlenecks.
 - Automatically analyze team resource waste points to help projects be completed on schedule.
- **Students/Researchers**
 - Track time input in courses and research.
 - Optimize personal learning paths and improve knowledge absorption efficiency.
- **Management/Founders**
 - Build a data-driven operational optimization closed loop.

Business model of Ralvie AI: Flexible support for individuals and enterprises

- Enterprise subscription version: Can be distributed in bulk. It centrally manages project progress and employee time.
- Personal subscription version: Suitable for freelancers and personal growth managers to use flexibly.

(3) Digital identity authentication business

Digital identity authentication business is one of ZKTeco's core business segments. The Company deeply integrates three core technologies: multimodal BioCV, large models, and blockchain, to build a precise, secure, convenient, and traceable full-scenario identity authentication system, laying a solid foundation of trust for the digital world and assisting various industries in achieving digital and intelligent upgrades for identity verification. Leveraging years of accumulated biometric technology expertise, the Company has developed a diversified product matrix and integrated solutions. By virtue of the uniqueness of biometric features, the deep learning and intelligent analysis capabilities of large models, combined with the decentralized and immutable characteristics of blockchain, it effectively addresses pain points in traditional identity authentication such as low efficiency, weak security, and susceptibility to forgery, ensuring the accuracy, security, and trustworthiness of identity verification, and comprehensively meeting the high-security identity verification needs across multiple sectors including government, enterprises, and public services.

- ① Smart terminal products:

The Company's digital identity authentication product system is comprehensive, primarily covering four major categories: multimodal biometric products, reading machine products, trusted digital products, and industry smart terminal products, which can adapt to the differentiated needs of various industries and scenarios. During the reporting period, the Company continued to increase R&D investment and launched a new generation of multimodal palm recognition products. This product features comprehensive technological upgrades, integrating high-definition visible light cameras and near-infrared cameras, with a built-in high-performance algorithm chip, to achieve rapid acquisition and precise recognition of multimodal palm information. It boasts advantages such as strong anti-interference capabilities, fast recognition speed, and high adaptability. This palm recognition product can be deeply integrated with scenarios such as time and attendance, access control, and channel management, and is widely applied in areas like enterprise offices, park management, and public venues, providing users with secure, efficient, and convenient identity verification services. It further enriches the application scenarios of the Company's smart terminal products and enhances the product's market competitiveness.

② One Card Solution Cube Identity Authentication Management System

The One Card Solution Cube Identity Authentication Management System is a "real person system" identity verification system independently developed by the Company based on multimodal BioCV technology, addressing the core demand for "the integration of people and certificates" across various industries. It is composed of two parts: the One Card Solution Cube Terminal Software (APP) and the Identity Authentication Management Platform, forming an integrated architecture of "terminal collection + platform management". The system deeply integrates the Company's independently developed ZKLiveFace facial recognition algorithm and ZKFinger V15.0 ID card fingerprint comparison algorithm. The algorithm accuracy is at an industry-leading level, capable of quickly reading information from various valid certificates such as 2nd-generation ID cards, Residence Cards for Hong Kong, Macao and Taiwan Residents, and foreign permanent residence permits. It performs real-time comparison of "the integration of people and certificates" using biometric information (such as fingerprints and portraits) collected on site from the cardholder, accurately and quickly verifying the authenticity of user identity, effectively preventing issues like impersonation and certificate forgery.

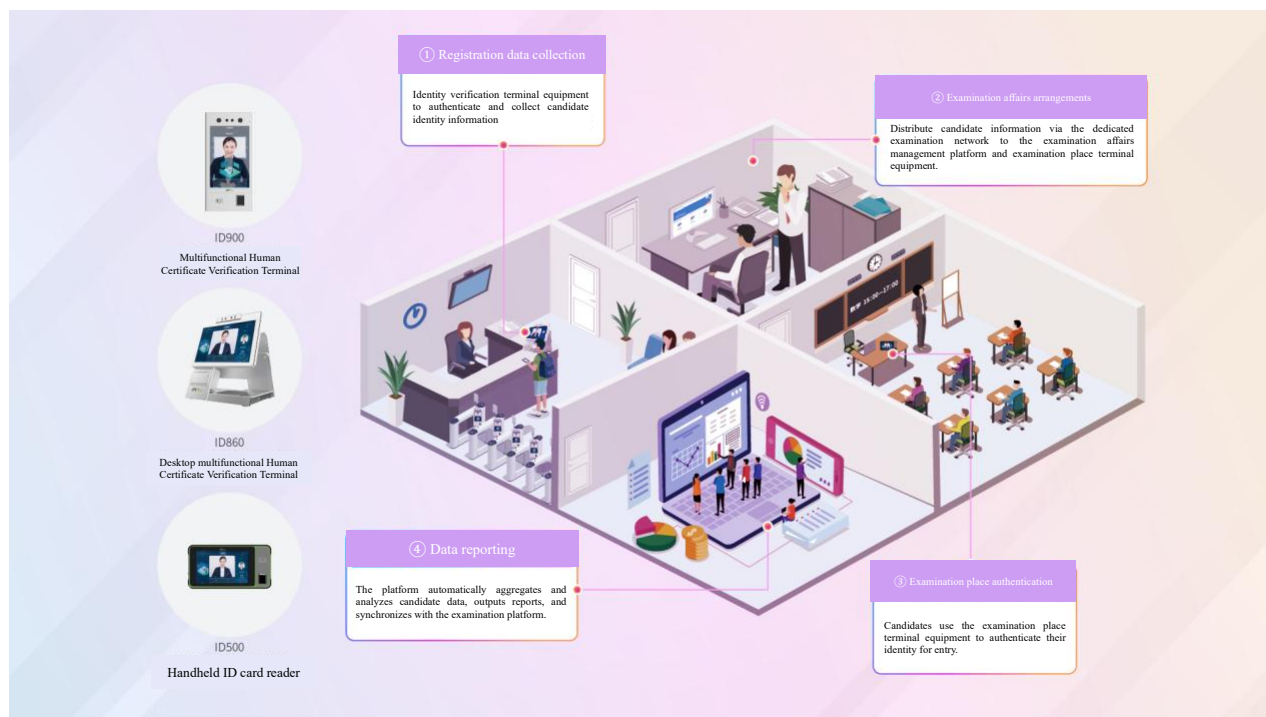
The One Card Solution Cube Identity Authentication Management Platform has comprehensive functions such as intelligent device management, personnel information management, blacklist/whitelist monitoring, and data statistical analysis. It enables real-time, comprehensive, multi-dimensional monitoring and visual analysis of terminal devices, verification personnel, and verification data, facilitating clients to stay informed of verification dynamics and optimize management processes. Meanwhile, the system supports access to large-capacity facial servers, possessing backend facial verification capability for millions of faces. It can provide authoritative, trustworthy, stable, and secure identity authentication services to clients in different vertical sectors such as government, education, healthcare, and finance. It comprehensively covers the entire industry chain of "core algorithms + smart terminals + software platforms + scenario applications", providing clients with one-stop identity authentication industry solutions and further consolidating the Company's core competitiveness in the identity authentication field.

③ Industry scenario solutions:

Based on its extensive identity verification product system and core technological advantages, the Company deeply integrates the actual needs of specific segmented scenarios in various industries, continuously incubating highly adaptable and easily implementable industry solutions. After years of dedicated effort, it has established identity verification systems for several major core scenarios, including smart examination affairs, smart healthcare, smart new student reception, smart visitor management, and identity authentication for plasma collection stations. These systems cover multiple high-security demand fields such as education, healthcare, and public services, having cumulatively served thousands of clients nationwide and gained widespread market recognition.

In terms of smart examination affairs, the Company focuses on the core need for candidate identity verification in various examination scenarios, creating a full-process smart examination affairs identity verification solution. This solution comprehensively covers the entire business closed-loop of pre-examination candidate information collection, in-examination identity verification, and post-examination data statistical analysis. This solution fully integrates the particularity of examination scenarios, balancing security and convenience. It can not only form a self-contained system and be directly deployed, meeting the rapid application needs of various examination places, but also seamlessly integrate with third-party standardized examination place construction solutions, adapting to

examination scenarios of different scales and types (including college entrance examinations, senior high school entrance examinations, various professional qualification examinations, etc.). The solution offers core competitive advantages such as intelligence and convenience, flexible deployment, and accurate verification. It effectively addresses issues like low efficiency, proneness to errors, and difficult management in traditional examination affairs identity verification, assisting examination affairs work in achieving digital and standardized upgrades and ensuring fairness and impartiality in examinations. The Company's smart examination affairs application scenarios are shown below:



In the medical field, the Company addresses the unique and stringent requirements of identity verification in the medical industry, focusing on core scenarios such as newborn birth certificate processing, assisted reproduction management, outpatient registration, and inpatient admission, and has launched specialized smart healthcare identity verification solutions. This solution precisely matches the information collection and identity verification needs of various hospital windows, and can securely integrate with hospital HIS systems, electronic medical record systems, and third-party medical service systems, achieving seamless embedding of the identity verification functional module, without requiring extensive modifications to existing systems, thereby reducing hospital deployment costs. Through precise identity verification, the solution effectively prevents issues such as fraudulent medical visits and impersonation for certificate collection, ensuring patient information security and standardized medical services, helping major medical institutions optimize service processes and improve service quality, and providing patients with high-quality and compassionate medical services. Currently, related products and solutions have been deployed in hospitals of various levels across multiple provinces and cities nationwide, providing effective support for hospitals' standardized services and refined management.

In terms of smart freshman orientation, the Company is guided by the core business of university freshman orientation and registration, creating a comprehensive smart orientation management solution covering the entire process, achieving front-end and back-end integrated linkage between the orientation Human Certificate Verification Terminal and the orientation registration management platform. The solution comprehensively covers all stages, including information collection before freshman enrollment, identity verification and registration during enrollment, and information archiving and management after enrollment, effectively addressing pain points in university orientation such as concentrated personnel, cumbersome processes, and data silos, achieving vertical data connectivity and efficient collaboration among various departments involved in orientation, significantly improving the overall efficiency and service quality of orientation work. This solution can be customized according to the operating scale and management model of different universities, meeting the differentiated needs of various universities for new student admission identity

verification and comprehensive management, and has become the preferred solution for the digital upgrade of university welcoming processes.

Regarding smart visitor management, the Company focuses on the pain points of visitor management in scenarios such as industrial parks, office buildings, government agencies, and enterprise factories. The smart visitor identity authentication solution developed by the Company builds a full-process visitor management system of "appointment registration + identity verification + access control + full-process traceability", achieving digitalization, intelligence, and standardization of visitor management, while balancing security and visitor experience. The solution supports both online appointment (WeChat Mini Program, enterprise official account) and offline on-site registration modes. Visitors can upload certificate information in advance to complete appointments. On site, they can quickly complete "the integration of people and certificates" verification through multimodal biometrics (facial recognition, fingerprint, ID card), eliminating the need for tedious manual registration. The system can be linked with access control and channel devices, automatically granting corresponding area access permissions based on visitor appointment permissions, monitoring visitor movement trajectories in real time, and automatically revoking permissions after visitors leave. Meanwhile, the solution can seamlessly integrate with enterprise OA systems and park management systems, enabling interoperability between visitor data and internal management data, and supporting visitor information archiving, querying, and statistical analysis, facilitating managers to accurately grasp visitor dynamics and strengthen security management. Currently, this solution has been widely applied in various industrial parks, office buildings, and government agencies, effectively addressing issues such as low efficiency, non-standardized registration, and significant security risks in traditional visitor management, thereby enhancing the security level and service quality of these venues. The Company's smart visitor business scenario diagram is as follows:



For identity authentication at plasma collection stations, in response to relevant regulatory requirements from the National Health Commission, the Company has exclusively developed an identity authentication solution for plasma collection stations, specifically addressing the identity verification pain points in the plasma collection industry. This solution covers key nodes throughout the entire process of plasma donor registration and filing, health check-ups, and plasma collection, establishing a four-fold security defense line of "certificate verification + biometric features + liveness detection + full-process traceability" to eliminate illegal plasma donation activities and ensure the safety of plasma sources and the rights and interests of plasma donors. The solution adopts proprietary multimodal BioCV technology, integrating functions such as ID card authenticity verification, facial liveness detection, and fingerprint/palm print matching. It adapts to complex lighting environments at plasma stations, with matching accuracy and speed

meeting the retrieval demands of a million-level plasma donor database. It can seamlessly integrate with the plasma apheresis information system (PAIS), achieving automated full-process identity verification. Verification data is stored on the blockchain and is traceable, helping plasma stations achieve 100% compliance with regulatory standards. Currently, the solution has been implemented in multiple plasma stations nationwide, effectively standardizing the plasma supply order and ensuring the quality of plasma raw materials.

(4) Smart business services

The Company adopts "AI+" as its core strategy, iteratively applying TinyML and BioCV core technologies to products in retail scenarios, empowering end-users, and continuously launching superior overall solutions to enhance customer experience.

As a smart business brand under the Company, ZKDIGIMAX has launched a new digital visual marketing solution - ZKDIGIMAX Level 3, which is tailor-made for the general retail and catering industries. This solution integrates five core services and six smart perception terminals to build a new ecosystem of borderless retail that covers the entire scene and the entire chain. The five core services include: Minerva IoT, a cloud IoT platform from ZKTeco, a machine vision analysis platform, a big data analysis platform, an AIGC content generation platform, and an advertising production and distribution platform; the six smart perception terminals cover digital signage, smart cameras, smart edge gateways, smart shopping carts, intelligent robots, and positioning sensors.

ZKDIGIMAX Level 3 relies on scene perception, AI interaction, visual analysis, and deep learning technologies to deeply empower smart retail. Through advanced machine vision analysis technology, it accurately captures multi-scenario data such as consumer movement lines, preference insights, and product displays, and structures and outputs it. Based on multi-dimensional smart business analysis of the data lake, it further helps enterprises achieve refined operations and decision-making optimization. Whether it is enhancing the consumer experience or optimizing marketing strategies, this solution helps the general retail and catering industries move towards a new future of intelligence, unmanned operation, and borderlessness with its all-round digital capabilities.

Smart business scenario solutions

A. Digital marketing solution for chain retail scenarios

The Company focuses on the convenience store industry within the chain retail scenario, providing digital solutions for attracting customers and increasing sales to operators, as well as efficient and real-time marketing solutions to brand owners.

The application scenario diagram of the digital marketing solution for chain retail scenarios is as follows:



Intelligent solutions for retail scenarios have five core capabilities:

- a. Brand promotion and customer acquisition: Increase customer traffic through product or brand promotion, and quickly implement promotional plans in a timely manner.
- b. Product recognition: Smart electronic scales enable product recognition, allowing for quick weighing and settlement at the checkout counter.
- c. Shelf area interactive promotion: A complete set of smart shelves to enable customers' attention to products within the scene and their recognition of advertisements and promotional schemes.
- d. Product price management: Product prices can be dynamically displayed for members/non-members according to promotional schemes.
- e. Business data analysis: Provide diverse analysis reports displaying real-time customer traffic, area popularity, trajectory movements, dwell time, and other data, thereby achieving more scientific product display and presentation.

B. Zero-carbon kiosk solution

The Company offers a zero-carbon kiosk smart retail solution that integrates supply chain, stores, and marketing for open spaces such as scenic spots and parks. The zero-carbon kiosk aims to become a new benchmark for unmanned smart retail. This solution uses photovoltaic power supply to achieve green energy conservation and cloud monitoring for 24-hour unmanned operation. Customers enter by scanning a code, self-check out, and receive real-time support from back-end customer service. This solution can save costs, improve efficiency, and provide consumers with a convenient and environmentally friendly new shopping experience.

The application scenario diagram of this solution is as follows:



The zero-carbon kiosk smart retail solution encompasses four major product clusters:

a. Clean energy: Using photovoltaic power generation and a complete energy storage system, it provides 24/7 power supply for core areas of the store's daily operations, such as the checkout system and access control system, ensuring that consumers can still shop normally in case of abnormal mains power supply.

b. Store integration: Using standard containerized cabinets, the overall design and decoration of the store are completed in a factory process and can be set up simply by transporting and placing them at the destination, offering convenient delivery.

c. Cloud agent store monitoring: Through self-checkout, remote monitoring, and personal credit authorization, the overall concept of unmanned retail is adopted to easily achieve store operation.

d. Managed operation: On the basis of providing a supply chain, the price tags and digital signage in the store are all managed uniformly through the cloud, enabling automatic price changes in the store, regular updates of promotional content, scenic area public welfare content, and brand advertisements on digital signage.

3. Global business layout and in-depth expansion

The Company has established a business layout of "core business deep cultivation + innovative business expansion + global market coverage". The four core business segments have formed a mature commercialization system, innovative businesses have achieved technical verification and scenario pilots, and the global marketing and service network has achieved localized implementation and operation.

Core businesses: The four major areas of smart space, smart office, digital identity authentication, and smart business have completed full-scenario product and solution layouts, covering dozens of vertical industries such as government and enterprises, retail, education, healthcare, and transportation.

Innovative businesses: Brain-Computer Interface (BCI) technology has completed pilot verification focusing on livelihood scenarios such as education, health and elderly care, healthcare, and industrial safety; smart living has achieved a rich product array and overseas channel implementation.

Global layout: A grid-based global layout of "headquarters + branches/subsidiaries + service outlets" has been formed. As of December 31, 2025, the Company has established 27 branches and 16 subsidiaries domestically, and 62 controlling subsidiaries overseas, located in 33 countries and regions worldwide, achieving globalized and localized synergy in R&D, production, sales, and services.

(II) The Company business model

1. Procurement model

(1) Procurement execution

In order to fully leverage the advantages of centralized procurement, reduce procurement costs, improve operational efficiency, and optimize procurement resources, the Company has a Procurement Center that manages the procurement of electronic materials, structural components, and other materials as well as ecosystem products that need to be externally sourced required in the production process.

The Procurement Center consists of three departments: Resource Development Department, Executive Procurement Department, and Comprehensive Procurement Department. Among them, the Resource Development Department is mainly responsible for developing and managing supplier resources, following up on samples, and conducting business negotiations during the sampling period, determining procurement prices, and controlling procurement costs. The Executive Procurement Department is mainly responsible for executing purchase orders and following up on material delivery and reconciliation and payment request. The Comprehensive Procurement Department is mainly responsible for administrative, office, and fixed asset procurement, except for production materials.

The Company mainly adopts the MRP procurement model. The Planning Department of the Company's Manufacturing Center, based on the production plan and Bill of Materials (BOM), calculates and analyzes raw material requirements, prioritizes them, allocates resources in conjunction with existing inventory, and subsequently derives the procurement plan for raw materials required for production. For some common materials, the Company sets a minimum safety stock threshold, establishes an inventory early warning mechanism, and implements dynamic replenishment.

(2) Supplier selection and management

The Company has established strict supplier selection and management measures. For newly introduced suppliers who need to develop new products, expand supply resources, and reduce costs, after the supplier submits basic information, the Resource Development Department of the Company's Procurement Center will organize the Material Certification Department, the Executive Procurement Department, and the Quality Department to conduct on-site reviews of the supplier. For suppliers who pass the assessment, formal certification will be introduced for storage.

In the daily procurement process, in order to ensure the quality of the Company's raw material supply, except for the SAM (security module) involved in the card business, which can only be purchased from Xingtang Communication Technology Co., Ltd., the only supplier selected by the Ministry of Public Security, the Company usually selects two or more suppliers that meet the Company's certification standards for the main raw materials for supply. The Company will also strengthen the management of suppliers by signing relevant "Supply Quality Agreement" and conducting monthly and annual reviews. Suppliers who fail the monthly assessment will undergo interviews and on-site guidance. For suppliers who show no quality improvement after three consecutive months of guidance, new project quotations and prototyping will be stopped, their cooperation share will be reduced, or they will be included in the backup and elimination supplier management program.

2. Production model

From the perspective of process characteristics, the Company's smart terminal products are mainly produced by the production methods of processing and assembly. According to the different production planning methods, the production method can be divided into two production models: Make to Stock (MTS) and Make to Order (MTO). In MTS, the Company makes production plans based on historical sales data and sales strategies for standardized products, and maintains an appropriate amount of finished goods inventory to respond quickly to market demands. In contrast, in MTO, the Company organizes production based on customer orders, taking into account the customers' personalized demands for product types, model specifications, and performance. The finished products are directly delivered to customers without the need for finished goods inventory, thus avoiding inventory overstock and enhancing customer satisfaction.

The Company's application software and platform products support two delivery and service models: localization and cloud subscription after being developed and tested. In the localization model, the Company's application software and platform products are independently deployed, used, and managed by users in their local environment. The Company provides software installation packages, which users can download from CDs or the official website and install. The basic version can be activated for free, while the advanced

version software and platform functions require payment of software license fees. For large-scale engineering projects, the Company can dispatch engineering personnel to the user's site to provide installation, commissioning, and training services. In the localization model, the Company does not participate in software operation, maintenance, security protection, and version updates, and only provides necessary after-sales technical support based on the sales contract. In the cloud subscription model, users can access and use the Company's application software and platform via the Internet without local deployment and maintenance. Users can choose the subscription service that suits their actual needs. In the cloud subscription model, the Company is responsible for the continuous operation, maintenance, security protection, and version updates of the software, and provides customer support and technical services to ensure a stable and reliable user experience.

3. Marketing and management models

The Company adopts a sales model that combines distribution and direct sales.

(1) Distribution model

In the distribution model, the Company's customers are mainly dealers, and the relationship between the Company and dealers belongs to a purchase and sales relationship, adopting a buyout sales method.

(2) Direct sales model

The Company's direct sales customers mainly include system integrators, engineering contractors, end users, etc. On the one hand, the Company can provide smart terminal devices and application software platforms to system integrators and engineering contractors, which can integrate or include the aforementioned products in products, systems, or engineering services sold to downstream end users. On the other hand, the Company can also directly sell to end users through offline direct sales or online self operated platforms.

Normally, the Company's direct sales business can be divided into two categories based on whether installation and O&M are required: product sales and project implementation. For project implementation related businesses, the Company will customize its own smart terminals and application software platforms based on different engineering project requirements and provide O&M services.

(III) Market position and brand influence of the Company's products during the reporting period

Leveraging its core technological advantages, a full-scenario product system, and global service capabilities, the Company firmly ranks among the industry's top tier, with continuously improving brand influence and market recognition.

The Company has been listed as one of the "Top 50 Global Security Companies" by asmag for six consecutive years from 2020 to 2025. In 2025, it ranked 17th on the list and was awarded awards such as "Top 50 Innovation" and "Top 10 Brands in Smart Security" in 2025 Global Security Industry Digital Innovation Ranking by asmag. It was recognized by the Department of Industry and Information Technology of Guangdong Province as a "Guangdong Province 2025 Provincial Manufacturing Single Champion Enterprise" and a "Seventh Batch of Provincial Industrial Design Centers". Since 2016, the Company has been awarded the title of "Top 500 Manufacturing Enterprises in Guangdong Province" by Guangdong Manufacturers Association and other entities for 10 consecutive years (ranking 202nd in 2025). It was selected by the DC World Organizing Committee and relevant institutions as "2025 DC World · DC World Awards - Top 10 Brands (AI)" and "2025 DC World · DC World Awards - Top 10 Brands (Security Inspection and Explosive Disposal)". It was awarded by the China Intelligent Transportation Systems Association and the China Top 30 Intelligent Transportation Organizing Committee the "2025 14th Top 30 Intelligent Transportation Enterprises in ITSMRS". It won the third place in the "2025 Top 10 Access Control Brands Award" by China Intelligent Building and other entities. At the 2025 China IoT Industry Conference and the 22nd Huicong Brand Festival, it was awarded the 2025 "IoT Platform Excellent Service Award" and "Smart Passage Technology Innovation Award". It was awarded by the Brand Power Nation Pioneer Project Organizing Committee the "2025 National Brand Light Program Selected Brand (ZKTeco)".

In terms of products and solutions, the MG100 multimodal biometrics channel control module, unattended scenario series solutions, and ZKTeco Interconnection Cloud Platform received the "20th China Public Security Expo (CPSE) Golden Tripod Award". The ZKTeco Longhu series swing barrier and smart cloud access control terminal were awarded the "China Top 10 Digital Security New Product Award". New Generation Smart Scenic Spot Self-Service Ticketing Solution and Smart Security Inspection Solution won the "2025 Ping An Shenzhen Construction Excellent Project Award"; "ZKTeco Mars Wisdom Platform" received the "a&s TOP Digital Products & Solutions" award. The product "Facial and Palm Access Control Terminal Xpalm602" was selected by the GUANGDONG

HIGH-TECH ENTERPRISE ASSOCIATION as the "2025 Guangdong Provincial Famous and Excellent High-tech Product", and the Visible Light Facial and Fingerprint Access Control Terminal "nFace260" was selected by the Dongguan High-Tech Industry Association as the "Dongguan High-Tech Products of 2025".

During the reporting period, Guangdong Zkteco passed the national high-tech enterprise re-certification and was recognized by the Department of Industry and Information Technology of Guangdong Province as one of the seventh batch of SRDI "Little Giant" enterprises in Guangdong Province; Xiamen ZKTeco obtained renewed certification certificates for ISO 9001:2015 Quality Management System, ISO/IEC 20000-1:2018 Information Technology Service Management System, ISO/IEC 27001:2022 Information Security Management System, ISO/IEC 27017:2015 Cloud Service Security Management System, ISO/IEC 27701:2019:2015 Privacy Information Management System, and GB/T29490-2023 Intellectual Property Compliance Management System.

(IV) Key performance drivers

1. Continuous breakthroughs in multimodal BioCV technology

In-depth development of multimodal BioCV technology: Multimodal BioCV technology is accelerating its evolution from traditional single biometrics capabilities towards a highly secure and robust composite identity recognition system, becoming the mainstream technical path amidst continuously upgrading information security demands. ZKTeco continues to achieve key breakthroughs in the multimodal BioCV field, building a new generation of multimodal palm recognition technology system by integrating the advantages of visible light palm recognition and palm vein recognition, performing multi-dimensional deep analysis of palm shape, texture, and vein patterns, significantly improving recognition accuracy while strengthening anti-spoofing capability and security boundaries. The Company continuously optimizes its multimodal recognition algorithm system, dynamically adjusting fusion strategies and weight distribution based on different application scenarios and business needs, achieving flexible collaboration from the feature layer to the decision layer. Related products have been widely applied in diverse scenarios such as employee attendance, smart access control, and smart payment, providing users with identity authentication solutions of higher accuracy and security.

The accelerated popularization of non-contact biometric technology: Non-contact biometric technology is accelerating its popularization and gradually becoming an important form of next-generation identity interaction. Benefiting from advantages such as efficiency, hygiene, and optimized user experience, palm vein recognition, as an emerging non-contact biometric technology, is rapidly becoming a key focus in the industry due to its high discretion and strong anti-replication capability. ZKTeco actively participates in the formulation of group standards related to non-contact palm recognition, promoting the application and deployment of this technology in high-security scenarios such as finance. Concurrently, the Company is advancing its patent layout and technology reserves for non-contact fingerprint capture devices, building multi-dimensional technical barriers. Simultaneously, the Company continuously strengthens its facial recognition technology capabilities, leveraging AI algorithm optimization and enhanced liveness detection capabilities, enabling it to deliver higher value in scenarios such as real-name verification, intelligent monitoring, and risk early warning, further perfecting its multi-level identity security system.

Deeper integration of multimodal BioCV technology in mobile terminals: In the field of mobile terminals, multimodal BioCV technology is accelerating its development towards portability and integration. ZKTeco uniformly encodes multimodal biometric features such as fingerprints, facial features, and palms into BioCode, which is then integrated into mobile devices in the form of a QR code. This enables efficient carrying and convenient invocation of identity information, enhancing user experience while ensuring authentication security. Building on this, the Company continues to explore the deep integration of mobile-end multimodal BioCV technology with application scenarios such as mobile payment and smart office. This promotes the extension of identity authentication capabilities from single functions to cross-scenario applications, creating a more efficient, convenient, and secure integrated mobile identity experience for users.

2. Deep empowerment of AI technology across all scenarios

Multimodal large models are accelerating their transition from perception layer capabilities to cognition and decision-making layer capabilities, becoming the core technical path for driving AI to achieve deep understanding and intelligent reasoning. ZKTeco is seizing the opportunities presented by AI technology evolution, continuously iterating its self-developed BioCV VLM/LLM multimodal large model system, and deeply integrating the Mars Wisdom AI cognitive computing platform, general large models, and

edge AI technologies. This integration builds an integrated cloud-edge-device technical foundation, connecting algorithmic capabilities with all business scenarios, and promoting the upgrade of the Company's core technology from traditional "identity recognition" to a "full-domain cognitive service" system. Relying on this composite technical architecture, the Company deeply applies cutting-edge AI capabilities in the core domain of multimodal BioCV. While significantly improving recognition accuracy and response efficiency, it achieves multi-dimensional modeling and in-depth analysis of dynamic behavior trajectories, complex environmental features, and scene interaction relationships, breaking through the limitations of single-point perception in traditional visual recognition, and building a new generation of identity verification and scene analysis system with full-domain perception and intelligent judgment capabilities.

At the same time, the application of AI technology in smart spaces, smart office, digital identity authentication, and smart commerce continues to deepen, becoming an important engine driving business efficiency and value creation. ZKTeco achieves the automation and intelligence of security and operational processes through AI technology, significantly improving overall operational efficiency; in smart commerce scenarios, based on in-depth mining and intelligent analysis of multi-source data, it provides enterprises with more forward-looking decision support capabilities. By combining natural language interaction technology, it builds intelligent Q&A and service systems, widely applied in scenarios such as smart reception and intelligent customer service, significantly optimizing user experience and improving operational efficiency, and promoting the continuous evolution of enterprises from digital to intelligent operational models.

3. Dual drivers of policy and market

National industrial policies continue to provide support: Based on the "Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China" and the "Overall Layout Plan for the Construction of Digital China", the "Measures for the Security Management of the Application of Facial Recognition Technology", effective from June 2025, further regulate industry development. This, coupled with the continuous advancement of Digital China construction and the implementation of the "AI+" initiative, creates a more compliant and broader development environment for the industry in which the company operates. At the same time, the draft "15th Five-Year Plan" outline explicitly includes brain-computer interfaces as a key focus for future industrial foresight. The Ministry of Science and Technology has clarified that during the "15th Five-Year Plan" period, it will strengthen scientific and technological research in areas such as brain-computer interfaces. Coupled with the issuance of relevant implementation opinions by seven departments to promote the innovative development of the brain-computer interface industry, this provides new opportunities for the extended development of the industry. The Company responds to the call of policies, continuously increasing R&D investment in core technologies such as multimodal BioCV and multi-dimensional sensing smart terminals. At the same time, relying on the relevant technological layouts of its subsidiaries, it explores the integrated application of brain-computer interfaces and multimodal BioCV technologies, aligning with policy compliance requirements, accelerating product iteration, and contributing to the construction of the digital industry ecosystem.

Continuous growth in market demand: With the deep penetration of digitalization and intelligence, the demand for biometric and AI technologies in various industries continues to increase. ZKTeco, leveraging its core technological advantages in multimodal BioCV and a rich array of product solutions, can meet the needs of users in public services, enterprises, institutions, and individuals in areas such as identity recognition, security protection, and intelligent management, presenting a broad market prospect.

Global biometric technology, with the continuous iteration and upgrade of elements such as AI, chips, and algorithms, coupled with the increasing demand for security authentication across various industries, sees its application scenarios continuously expanding. In governments and law enforcement agencies, biometric technology is used for border control, national ID programs, and public safety, improving the overall security and efficiency of government operations. In the banking and financial sectors, with the increasing application of biometric technologies such as palm vein, identity theft and fraud risks are further reduced. In healthcare, industrial, and other sectors, biometric technology is deeply integrated into various scenarios, ensuring security while improving management efficiency. Furthermore, the integration of biometrics with self-service and AI agents continues to increase, balancing convenience and security, and driving global market demand growth.

II. Industry of the Company during the reporting period

(I) Basic situation of the industry of the Company

As an international innovative enterprise, the Company is deeply engaged in the AI perception and smart space service industry, which is a strategic emerging industry deeply integrating cutting-edge technologies such as AI, IoT, multimodal BioCV, AI cognitive spatial computing, and edge intelligence. The Company has long focused on four core areas: smart space, smart office, digital identity authentication, and smart business, proactively laying out future tracks such as brain-computer interfaces. Its core business revolves around building a "people-vehicle-object-environment" full-element perception system, driving the upgrade of various physical spaces from traditional static management to intelligent forms of autonomous decision-making and continuous evolution through technological innovation.

The Company provides diverse customers in dozens of industries worldwide, including government affairs, finance, retail, education, healthcare, transportation, and enterprise office, with smart terminals, industry application software, and platform solutions that integrate identity recognition, smart perception, and scenario management. Ultimately, it delivers comfortable, smart, secure, and sustainable full-scenario experiences, deeply aligning with the core needs of digital transformation across various industries.

Downstream end users in the industry are widely covered, with diverse customer types, ranging from large government and enterprise clients, chain enterprises to small and micro businesses and individual users. Application scenarios span across offline physical spaces and online digital services, with no obvious cyclical fluctuation characteristics. The current industry has formed a mature development pattern driven by "technology leadership + scenario implementation": leading enterprises build core competitive advantages by virtue of core algorithm barriers, integrated software and hardware integration capabilities, full-scenario solution delivery experience, and a global service network, leading to a gradual increase in industry concentration; meanwhile, emerging sectors such as brain-computer interface, generative AI, and multimodal technology integration are in a critical stage of technological breakthroughs and commercialization initiation, becoming the core incremental engine for future industry growth. Overall, industry technology iteration continues to accelerate, application scenarios are constantly expanding, and business models are upgrading from a single hardware sales model to an integrated model of "hardware + software + cloud services + operation services", maintaining a high-speed growth trend in the long term and becoming an important support for the development of the digital economy.

(II) Industry development status of the main application areas of the products

1. Global multimodal perception industry situation in 2025

(1) Global market overview

The global biometric market size was USD 51.6 billion in 2025, and is projected to grow to USD 175 billion by 2034, with a compound annual growth rate (CAGR) of 14.54% from 2026 to 2034 (source: IMARC Group). The core growth drivers of the global market include:

- The iterative upgrade of edge computing and AI chips has significantly enhanced recognition accuracy, behavioral analysis capabilities, and scenario implementation efficiency, providing computing power support for the application of multimodal technology in complex scenarios;
- Multimodal fusion technology, combining multiple biometric features (e.g., fingerprint + facial recognition + iris, palmprint + palm vein), further enhances security and reliability. Multimodal fusion recognition, compared to single-modal recognition, can reduce the error rate by approximately 20%~40%, becoming the preferred solution for high-security scenarios;
- Non-contact technology is deeply integrated with the financial industry. Digital currency and a cashless society are driving biometric-bound payment verification. Applications such as Amazon's "Payment by Stretching out Your Hand" palm recognition in cashierless stores and WeChat chain convenience store palm payment terminals are rapidly gaining popularity, driving a surge in consumer-side market demand;

- Policy support and industry standardization are advancing. In February 2025, the first batch of prohibitions under the EU AI Act came into effect, restricting high-risk AI applications such as real-time facial recognition in public places, thereby promoting the industry's upgrade towards compliance and privacy-friendly directions. China's "Measures for the Security Management of the Application of Facial Recognition Technology" came into effect in June 2025, opening a new chapter in the secure and regulated governance of facial recognition technology applications.
- Application scenarios are penetrating from traditional security and finance into emerging fields such as smart cities, healthcare, and education. For example, in the medical field, iris recognition is used for patient identity authentication to prevent medical record confusion. In education, facial recognition is used for classroom attendance and examination invigilation (such as in smart classrooms in some Chinese universities), and its application boundaries continue to expand.

From a regional distribution perspective, the Asia-Pacific region has emerged as one of the largest global markets for multimodal perception technology, driven primarily by demand from government governance, financial services, and public security sectors. Developed countries in Europe and America are active in applications across government management, public security, and financial payments. Under the EU GDPR framework, data privacy protection has become a key focus, driving the implementation of data anonymization, localized storage, and compliance solutions.

(2) China's market overview

At the national level, multiple policies have been introduced to promote industry development: The implementation rules of the "Personal Information Protection Law" clarify the norms for the collection and use of feature data, requiring enterprises to strike a balance between privacy protection and technological applications. The "Measures for the Security Management of the Application of Facial Recognition Technology" regulate facial recognition technology applications, forming a dual-track policy orientation of "application popularization and standardized supervision", further regulating market order.

In terms of market applications, products are evolving towards multi-camera and multimodal integration. Identity authentication has expanded from public security to sectors such as transportation, finance, social security, education, and healthcare. Many regions across the country are accelerating the adoption of electronic ID card applications, which are expected to further expand to high-frequency scenarios like finance, taxation, healthcare, transportation, and education, comprehensively improving service efficiency.

2. Development of the smart retail industry in 2025

In 2025, driven by policies such as boosting consumption and trade-in programs, consumption growth is expected to rebound. Digital investment by retail enterprises will further upgrade from "informatization and online presence" to an "intelligent digitalization" transformation centered on AI and automation. From product selection, pricing, and member operations, to supply chain forecasting, content production, and store operations, AI is gradually embedding itself across the entire retail value chain. Multiple institutions predict that the market size for AI-related solutions targeting retail scenarios will reach hundreds of billions of RMB by 2025, becoming a key investment direction for retail enterprises in the medium to long term.

For chain retail enterprises, the intelligent digitalization transformation of stores has elevated from a single-point project to a core strategic issue. Large and medium-sized chains generally include smart store construction as a key investment direction for the next 3 years, conducting systematic upgrades centered on "improving human efficiency, optimizing floor efficiency, and enhancing user experience".

3. Development of the brain-computer interface industry in 2025

(1) Overall industry overview

Brain-Computer Interface (BCI) is a cutting-edge technology that achieves information interaction between the brain and external devices by collecting and decoding brain electrical or neural signals, integrating multidisciplinary achievements in neuroscience, microelectronics, materials science, artificial intelligence, and computer vision. In 2025, the global BCI industry is still in a transitional phase from experimental research to early commercialization exploration. The Chinese market is primarily characterized by research-driven development and policy guidance; its overall market size is still relatively small compared to the biometrics and computer vision industries, but its strategic value and capital attention continue to rise.

Globally, BCI companies continue to advance clinical trials and engineering validation. Representative companies such as Neuralink and Synchron have made phased progress in invasive technology pathways. China has also seen the emergence of a number of innovative enterprises and research teams focusing on medical rehabilitation, neuromodulation, and scientific research equipment. Overall, the industry is still in a parallel phase of technological validation and regulatory refinement, and is some distance away from large-scale consumer-grade applications.

(2) Policy and regulatory environment

In 2025, Brain-Computer Interface (BCI) was incorporated as a key direction in the national future industry layout. Focusing on areas such as brain-inspired intelligence, high-end medical devices, and neuroengineering, national and local governments have successively introduced special support policies to promote the localization of core components, breakthroughs in key algorithms, and the development of clinical translation capabilities.

At the regulatory level, BCIs, especially invasive products, are classified as high-risk medical devices, with strict approval processes involving ethical review, clinical trials, data security, personal information protection, and other multiple compliance requirements. The relevant regulatory system is gradually aligning with international standards, while also emphasizing the secure management of highly sensitive information such as EEG data and physiological signals. This policy environment of "encouraging innovation and prudent regulation" makes the industry's development pace more rational and stable.

(3) Application scenarios and commercialization progress

In 2025, BCI applications still primarily focus on medical and healthcare, while also extending to scientific research and specific industry scenarios:

① Medical rehabilitation field

In areas such as post-stroke motor function recovery, assistive control for spinal cord injury, and communication assistance for Amyotrophic Lateral Sclerosis (ALS), Brain-Computer Interface (BCI) technology has entered clinical trials or small-scale demonstration phases. Driving exoskeletons, robotic arms, or virtual interfaces through brain signals to achieve "mind control" has become the scenario with the most practical application value.

② Neuromodulation and mental health

Some invasive or semi-invasive technologies are used in neuromodulation research for diseases such as Parkinson's disease and epilepsy. This sector is deeply intertwined with high-end medical devices, characterized by long approval cycles but high entry barriers.

③ Scientific research and education

Universities and research institutions show a steadily growing demand for BCI devices, primarily used for cognitive science research, human-computer interaction experiments, and algorithm development, thus forming a stable but limited market segment.

④ Industry and special sector exploration

In scenarios such as high-risk operation monitoring and pilot/driver state monitoring, electroencephalography (EEG) monitoring has begun pilot applications as a safety auxiliary tool, but it is still in the validation phase.

(4) Industry challenges and risks

BCI still faces multiple challenges, specifically manifested in the following aspects:

- ① Technical reliability and repeatability need improvement, especially long-term stability in complex environments;
- ② The business model is still unclear, and the return cycle for medical applications is relatively long;
- ③ Ethical and privacy issues are highly sensitive, and public awareness needs to be gradually established;
- ④ High-end chips and core materials rely on imports, and supply chain security needs to be strengthened.

Overall, in 2025, the BCI industry is in a development stage characterized by "a critical period for technological breakthroughs, an initial phase of industrialization exploration, and a gradual improvement in regulation". It remains a strategic frontier industry, but its integration trend with AI and multimodal perception technologies is clear, with broad long-term growth potential.

In the future, with improved algorithmic capabilities, reduced hardware costs, and a perfected policy system, BCIs are expected to achieve phased large-scale breakthroughs in areas such as smart living, medical rehabilitation, and human-computer interaction, and gradually extend to broader intelligent application scenarios.

(III) Overview and development trends of major technologies in the industry in 2026

There are various types of multimodal perception technologies, including fingerprint recognition, facial recognition, palmprint recognition, palm vein recognition, finger vein recognition, iris recognition, voiceprint recognition, etc. Due to the development of AI technology, big data, and cloud computing, multimodal perception is closely combined with computer vision, and it has developed from simple identification to the empathetic experience ecology of scene interaction such as "Who are you? What kind of service should I provide for you?" as well as the empathetic experience ecology of scene interaction.

1. Overview and trends of global multimodal perception technology development

(1) Technology development overview

Multimodal fusion technology continues to upgrade: evolving from "feature superposition" to "deep fusion", achieving cross-modal correlation analysis such as palmprint + palm vein, facial + iris, through multi-dimensional information fusion at sensor, feature, and decision levels, enhancing recognition accuracy and anti-attack capabilities. Hardware architecture innovation has made breakthroughs, with ultra-wide-angle binocular camera architecture enabling multi-biometric shared collection devices, significantly improving integration efficiency and reducing deployment costs.

Non-contact technology is maturing: relying on machine sensors for identity verification, with no human contact required throughout the process. It continuously optimizes adaptability in complex environments and signal acquisition accuracy. Devices are evolving towards miniaturization, mobility, and high throughput, and have been widely applied in smart cities, financial payments, and other fields, meeting diverse and personalized needs.

Deep integration of AI and edge intelligence: AI technologies such as deep learning and computer vision optimize data processing workflows, reduce misjudgment rates, and increase recognition accuracy by 20%-30% in complex environments. The popularization of edge computing architectures transfers most computation and storage to local edge devices, reducing network latency by over 50% and mitigating privacy risks associated with sensitive data transmission across networks. Architectures like BioCV TinyML enable model lightweighting, adapting to low-power devices.

Rapid development of compliance technologies: adopting "feature template + dynamic encryption" transmission, data anonymization, localized storage, and other technologies to meet regulatory requirements like the "Personal Information Protection Law". Privacy-enhancing AI technologies are emerging, achieving privacy protection while ensuring algorithm performance, and promoting compliant and sustainable industry development.

(2) Development trends

Mainstreaming of multimodal fusion: The integration of multimodal technologies such as fingerprint, facial, palmprint, and palm vein is becoming mainstream in the market. Non-contact identity authentication demand continues to rise, flexibly adapting to scenarios like government affairs, finance, and hotels, promoting the popularization of self-service terminals and covering more application scenarios and populations.

Deep empowerment by AI and computer vision: transitioning from traditional algorithms to deep learning-driven approaches, generative AI technology optimizes algorithms through simulated data, further enhancing performance while ensuring compliance with privacy regulations. Supporting precise detection of biometric and object features, strengthening recognition speed and robustness, and injecting new momentum into multimodal perception technology.

Accelerated scenario-based innovation: combining AI and IoT to create "people-centric" OMO (Online-Merge-Offline) micro-scenario experiences, continuously unleashing application potential in healthcare, retail, transportation, education, government affairs, and other fields. Solutions such as smart access control and digital identity verification are rapidly being implemented, driving the industry's upgrade from "tool attributes" to "infrastructure".

Acceleration of domestic substitution: Independent R&D capabilities in core links such as core algorithms and edge computing chips continue to improve, and key components gradually achieve domestic substitution, industry chain collaboration strengthens, forming a localized ecosystem from technology R&D, hardware manufacturing to scenario application, enhancing industry supply chain security and core competitiveness.

2. Overview and development trends of technologies in the smart retail industry

(1) Digital display terminals (LCD/LED): From "Video Player" to "Interactive Operations Center"

As consumers' demands for information density, visual experience, and interactivity continue to increase, the promotional methods of offline retail are rapidly upgrading from static posters to digitalization, videoization, and operationalization. Digital display terminals (LCD/LED, shelf screens, traffic-attracting screens, etc.) are no longer just simple "video players", but are gradually evolving into "store digital operation hubs" that carry brand content, promotional information, member benefits, and real-time operational strategies.

On the one hand, terminal displays are evolving from high-definition to immersive, with 4K/8K displays, 3D visual effects, and immersive content gradually being applied in key business districts and flagship stores. On the other hand, the application of generative AI in aspects such as ad creative, product image, and short video generation has significantly reduced content production costs and shortened the cycle from "idea to screen", making "multi-category, multi-time slot, personalized content operations across thousands of stores" possible.

In terms of technical architecture, digital display terminals are evolving towards a "front-end terminal + cloud-edge integrated platform + AI decision model + third-party application ecosystem": front-end screens and players are responsible for content presentation and basic sensing, the cloud platform is responsible for content distribution, strategy orchestration, and data aggregation, AI models make intelligent product selection and placement decisions based on customer traffic, sales, and member data, while third-party applications provide extended capabilities in areas such as ad monetization, interactive marketing, and new member acquisition.

(2) Cloud monitoring systems and smart self-service terminals: From "Unmanned" to "24H Smart Fulfillment"

Early unmanned retail models, represented by "fully unmanned stores", revealed in practice problems such as long investment payback periods, complex operation and maintenance, and high risk control pressure. The current mainstream direction in the industry is shifting from an "absolute unmanned" model to a "lean staffing + cloud monitoring" smart fulfillment model.

"24H Cloud Monitoring" achieves real-time monitoring, remote service, and anomaly handling for stores and terminals through a combination of "AI vision + smart sensing + remote human customer service": AI is responsible for identifying customer traffic, queues, abnormal behaviors, and loss prevention risks, while remote customer service intervenes at critical junctures to provide consultation and answers, identity verification, and dispute resolution. Compared to early purely unmanned stores, this model achieves a better balance between safety, service experience, and labor costs—one remote customer service agent can simultaneously monitor multiple stores or terminals, significantly improving human efficiency during nighttime and low-traffic periods.

Building on this, smart self-service terminals (e.g., self-checkout machines, smart lockers, front-end warehouse pickup lockers) form a synergy with the cloud monitoring system: the front-end terminals handle transaction and fulfillment touchpoints, while the cloud system is responsible for unified monitoring, remote O&M, and data-driven operational optimization, collectively supporting the smart fulfillment capabilities of "24-hour operation, differentiated services, and controllable costs".

3. Overview and development trends of BCI technology**(1) Industry overview: From conceptual exploration to the eve of commercial implementation**

Brain-Computer Interface (BCI) technology, as a representative of new quality productive forces in the digital economy and AI fields, is undergoing a critical transition from laboratory research and exploration to commercial application implementation. With the synergistic advancements in AI algorithms, neuroscience, new materials, and chip technologies, the BCI industry scale is showing explosive growth. According to industry research institutions' forecasts, the global BCI market size will maintain a high compound annual growth rate over the next five years.

(2) Evolution of technology roadmaps: Non-invasive approaches are becoming the mainstream trend.

Currently, BCI technology is primarily categorized into three major technical routes: invasive, semi-invasive, and non-invasive. Key development trends are as follows:

Advantages of non-invasive technology are prominent: Considering safety, portability, and public acceptance, non-invasive BCIs (e.g., technologies based on electroencephalography (EEG) and functional near-infrared spectroscopy (fNIRS)) leverage their non-invasive, low-cost, and easy-to-wear characteristics to demonstrate broader commercialization prospects in fields such as consumer electronics, smart health, and smart office, becoming the mainstream direction for industry development.

The rise of multimodal fusion technology: Single electroencephalogram (EEG) signal recognition still presents limitations in complex scenarios. The industry is trending towards combining BCI technology with eye-tracking, electromyography (EMG) signals, voice recognition, and other biometric technologies to form "multimodal fusion interaction" solutions, significantly improving the accuracy of intent recognition and the robustness of the system.

(3) Expansion of application scenarios: Penetrating from medical rehabilitation into diversified scenarios.

The application boundaries of BCIs are continuously expanding, having formed a pattern of "medical applications taking the lead, with consumer electronics and industry applications following suit":

Smart healthcare and rehabilitation: Neurological rehabilitation, sleep monitoring, and auxiliary diagnosis of depression are still core application scenarios, with high technological maturity.

Smart office and human-computer interaction: With the iteration of flexible sensors and wearable devices, BCIs are beginning to penetrate into the smart office domain. For example, by monitoring mental workload to achieve intelligent workflow adjustment, thought-to-text typing, or even combining with virtual reality (VR/AR) to build immersive meeting experiences, this provides a new dimension for the intelligent upgrade of office equipment.

Smart security and identity verification: As a highly unique biometric feature, brainwaves' potential value in high-security identity authentication is being explored. In the future, it is expected to complement technologies such as fingerprint, facial, and vein recognition, building a more stringent biometric security system.

(4) Policy environment and industrial ecosystem

At the national level, great importance is attached to the development of the BCI industry, listing it as a key cultivation direction for "future industries". Relevant regulatory authorities are accelerating the formulation of industry standards and ethical norms to safeguard the compliant application of the technology. Collaboration across the upstream and downstream of the industry chain is becoming increasingly close. From chip design and electrode manufacturing to algorithm software and system integration, the localization substitution process is accelerating, and domestic enterprises are securing an important position in the global BCI competition.

III. Analysis of Core Competitiveness

(I) Core technology system

As of December 31, 2025, the Company and its consolidated subsidiaries collectively hold 1,193 patents, including 220 invention patents, obtained 829 computer software copyrights and 87 work copyrights, with strong ability for continuous innovation. As of the end of the reporting period, the Company has actively participated in the formulation of 41 national and local industry standards, grasping the direction of technological development, and laying out product R&D in advance to ensure a leading position in market competition. The Company's core technological advantages are demonstrated in the following aspects:

1. Multimodal BioCV fusion technology

ZKTeco has been deeply engaged in the field of multimodal BioCV and smart perception for many years, building a comprehensive multimodal BioCV technology system covering all categories of recognition modalities, including fingerprint, palm (palmprint + palm vein), facial, iris, and finger vein. The Company's independently developed core algorithms combine high precision, high speed, and high security. They maintain excellent recognition performance even in special scenarios with complex lighting or harsh environments, demonstrating profound technological accumulation.

In terms of hardware and core technology innovation, the Company has made a breakthrough by adopting an ultra-wide-angle binocular camera architecture, enabling palm recognition and facial recognition to share the same hardware acquisition device. This efficiently integrates bimodal capabilities and significantly enhances device integration efficiency. Specifically, palm recognition employs a hybrid solution of palmprint + palm vein, relying on near-infrared imaging technology to capture vein information, combined with palmprint texture details to form a dual security guarantee, and is complemented by image enhancement algorithms to optimize feature acquisition in complex environments; facial recognition adopts a near-infrared + visible light hybrid mode, flexibly adapting to

all-scenario lighting. In low-light environments, dedicated algorithms restore key details to ensure recognition stability.

The facial and palm live detection modules are simultaneously upgraded, utilizing RGB+IR bimodal fusion and deep learning algorithms. This effectively defends against spoofing attacks such as photos, videos, and 3D masks, maintaining stable discrimination capabilities even in low-light environments through detail restoration algorithms. Concurrently, the Company has launched a cross-platform adaptation solution, fully supporting mobile terminals such as HarmonyOS, Android, and iOS, as well as various desktop and dedicated device terminals. By employing unified feature template extraction and encryption standards, secure interoperability across devices is achieved, eliminating the need for users to register repeatedly. Furthermore, the transmission process only conveys feature templates, not raw biometric data, which, combined with dynamic encryption and decentralized storage technologies, fully safeguards user privacy and data security.

At the algorithm optimization level, we innovatively integrate deep learning with traditional pattern recognition algorithms. Deep learning addresses challenges posed by complex scenarios and high-dimensional data, while traditional pattern recognition ensures system operational efficiency, achieving an optimal balance between recognition accuracy and speed. This significantly enhances the system's generalization capability and reliability, further solidifying our industry technical advantages.

2. Mars Wisdom AI Cognitive Computing Platform

The Company has proposed the "cognitive space computing" theory in advance and built the Mars Wisdom AI platform with a multimodal AI cognitive computing framework, achieving a full-chain intelligent evolution from perception, understanding, prediction to decision-making. Relying on its self-developed space computing engine, the system can analyze in real time the behavior characteristics, relationship networks, and spatiotemporal trajectories of people, vehicles, and objects within the physical space, and form a scenario-based cognitive decision-making system by combining commercial intelligence algorithms. Different from the traditional focus on physical control in entrance and exit management, ZKTeco has surpassed the physical management of Baiaruida and the digital upgrade of general entrance and exit of ZKBio. Through AI cognitive space computing technology, it has broken the boundaries between physical and digital spaces and moved towards a higher-dimensional intelligent cognitive era. For example, in large commercial complexes, the system not only accurately identifies customers and vehicles but also analyzes trajectories and dwell times to understand consumption preferences and potential demands, providing precise decision support for operations and achieving intelligent marketing and resource optimization.

Based on the technical architecture of "AIoT multi-dimensional perception + large model empowerment middleground + industry scenario application", the Company has built a three-level technical system covering smart terminals, edge computing, and cloud services. Through its self-developed Agent development platform, it deeply integrates the capabilities of DeepSeek, DouBao, ChatGPT, and other large models to achieve cross-modal knowledge transfer and scenario-based intelligent generation, promoting the digital transformation of traditional industries into a new stage of cognitive intelligence.

3. AIoT technology

ZKTeco's self-developed AIoT solution, Minerva IoT, The platform adopts a cloud-native architecture, supporting concurrent access to hundreds of millions of devices. Through low-code API development and integration with third-party ecosystems, it flexibly adapts to diverse scenarios. It provides full-chain capabilities including device connection, audio and video processing, payment gateways, data analysis, and content management, achieving cloud, edge, and device collaboration. For the Company's business scenarios, Minerva IoT deeply integrates AI, big data, and IoT technologies to build an AIoT ecosystem, providing enterprises with efficient and intelligent digital operation support. Through technological innovation and scenario-based services, it helps customers achieve digital transformation and business upgrading.

4. BCI technology

ZKTeco establishes a core EEG interface technology system through multimodal AI and edge-cloud synergy, empowering a new future for human-computer interaction. This technology system, based on non-invasive brain-computer interaction, with multimodal AI integration as its core, and supported by edge-cloud integration, focuses on livelihood scenarios such as improving educational concentration, early screening for neurological diseases, rehabilitation assistance, and smart elder care. It deeply integrates biosensing, edge computing, and brain science, laying a solid foundation for the transition of BCI technology from laboratories to large-scale

civilian applications.

ZKTeco's EEG interface technology system adheres to a safe, non-invasive approach. Based on the precise acquisition of microvolt-level weak EEG signals, it develops flexible sensor arrays and lightweight wearable hardware, balancing signal stability, wearing comfort, and portability, making it adaptable to daily long-term monitoring and large-scale popular applications. Leveraging the Company's long-term technological accumulation in multimodal BioCV, the system innovatively achieves multi-dimensional integrated perception of EEG, EOG, EMG, iris and retinal images, and clinical health data. This breaks through industry bottlenecks such as single-modal signals being susceptible to interference and limited recognition accuracy. Through deep learning and correlated feature mining, it achieves stable analysis of concentration, relaxation, emotional states, fatigue levels, and movement intentions.

(II) Scenario-based R&D model, achieving precise alignment of technology with scenarios

The Company uses a scenario-based R&D model driven by "technology foundation + scenario traction" as its engine, with an integrated edge-cloud R&D technology ecosystem as its foundation. Centered around the core needs of various scenarios, it builds specialized business capability platforms, deeply integrating core technologies with specific scenarios. This achieves rapid industrialization of technological achievements and scenario-based innovation, creating an R&D system where "technology is implementable, products are adaptable, and solutions are valuable", thereby achieving precise adaptation of technology to scenarios. The Company's core advantages in scenario-based R&D are reflected in the following aspects:

1. Construction of specialized business capability platforms

Building a series of specialized business capability platforms, including Smart Space Management Platform, Brain-Computer Sovereign Cloud Platform, Smart Audio-Video Platform, and Digital Marketing Platform. These platforms serve as a connecting hub between technology and scenarios, enabling modular and standardized output of core technologies, and rapidly adapting to the personalized needs of different industries and scenarios.

2. Smart space scenarios + Large model application technology + Edge AI

Integrating the Mars Wisdom AI cognitive computing platform with BioCV TinyML edge AI technology into smart space scenarios, we create an AI cognitive spatial computing solution, achieving an upgrade from "physical control" to "intelligent decision-making" and evolving from "perception" to "autonomous decision-making". Encompassing all scenarios including campuses, buildings, communities, and transportation, it enables integrated smart management for access optimization, energy management, security protection, and improved operational efficiency.

3. Smart office scenarios + Large model application technology

We launched the Ralvie AI Agent Platform, integrating large model technology to achieve an upgrade from "time management" to "organizational performance management". Through intelligent analysis of workload structure, it provides enterprises with decision support for resource optimization and performance improvement, creating a smart office ecosystem of "empowerment rather than monitoring", and realizing a dual enhancement in office efficiency and organizational value.

4. Smart retail scenarios + AI Agent

In smart retail scenarios, we integrate VLM/LLM large models and AI Agent technology to create the ZKDIGIMAX Level3 Digital Marketing Solution, enabling consumer behavior analysis, merchandise display optimization, intelligent generation of marketing content, and cloud monitoring smart services. This builds a full-scenario, full-chain boundless retail ecosystem, providing retail enterprises with precision operations and digital transformation capabilities.

5. Smart identity verification scenarios + BioCV fusion technology

Combining multimodal BioCV fusion technology with blockchain and large model technology, we create identity authentication solutions such as Human Certificate Rubik's Cube, achieving precise verification for "the integration of people and certificates". This covers segmented scenarios like smart examination management, smart healthcare, and smart new student/employee onboarding, fortifying the digital world with a secure and trustworthy identity authentication foundation.

6. Smart life service scenarios

Leveraging the Company's advantages in multimodal BioCV and AIoT technologies and products, we are deploying smart outdoor, smart home, and other smart life service scenarios, creating core products such as outdoor tracking cameras and smart audio-

visual devices, to achieve intelligent and convenient upgrades for smart life scenarios and expand the application boundaries of the Company's technologies and products.

7. Education, health and elderly care, and medical service scenarios

Integrating BCI technology with multimodal BioCV technology, we focus on livelihood scenarios such as improving educational concentration, health monitoring for elderly care, early screening for neurological diseases, and rehabilitation assistance, creating customized solutions to lay the technical and scenario foundation for future big health and smart education tracks.

(III) Pan-scenario capability support

The Company has built a full-dimensional scenario product support system of smart terminal + software platform system + cloud operation subscription services. With multimodal BioCV technology as the core foundation and digitalization and intelligence as the main connecting line, it breaks down software and hardware collaboration barriers and deeply integrates cloud-native service capabilities, creating pan-scenario solutions covering all fields such as smart space, smart office, digital identity authentication, and smart commerce. Meanwhile, relying on cloud-native technology platforms like ZKTeco Interconnection, it deeply strengthens cloud operation core capabilities and a diversified subscription service system, achieving a product model upgrade from the traditional "hardware product sales + one-time service" model to "cloud operation full-cycle O&M + subscription-based on-demand service", thus forming pan-scenario support capabilities that combine scenario breadth, technical depth, and service stickiness.

Regarding software systems and platforms, the Company highly values the integrated development and design of software and hardware, focusing on building a software-hardware integrated AIoT ecosystem that can provide diversified, personalized, and customized system software and platform services for different users, different application scenarios, and different vertical fields. On one hand, we are deploying the ZKTeco Cloud IoT Platform MinervaIoT, based on the Amazon Web Services technology stack, to provide deployment-free SaaS application products for smart space, smart office, smart life, and other scenarios. At the same time, we specifically develop platforms for segmented fields, providing ZKBio Smart Park Integrated Management Platform V8800 and ZKBio Intelligent Integrated Management Platform V6600 for large park-type enterprise customers; ZKBio Netxis Cloud middleware development platform and Time and Security Refined Service Platform E-ZKEco Pro for medium and large enterprise customers; ZKTeco Cloud Attendance and Access Control Management System BioTime 8.0 for overseas customers; and ZKBio Partner ZKTeco Cloud Commerce Smart Marketing Management Tool Platform for channel partners, comprehensively empowering partners to achieve digital business operations and refined management. On the other hand, based on the mature technical modules and software middleware of various platforms, we provide combined applications and flexible platform function customization and development services to users, precisely meeting personalized needs and establishing good brand awareness.

Regarding smart terminals, the Company has built a full-category, highly adaptable hardware product matrix, which can provide smart perception and control terminals covering multiple fields: access control management, pedestrian channels, vehicle channels, security inspection products, intelligent videos, smart locks, elevator controls, charging piles, and self-service visitors; products in the field of digital identity authentication, such as Human Certificate Verification Terminal, biometrics capture devices, biometrics modules, and card readers; products such as employee attendance, smart consumption, and smart conferences in the field of smart office. In the field of smart business, we focus on the needs of chain customers, providing hardware products such as smart perception terminals and commercial interactive terminals, along with business system development and data analysis capabilities for people, products, and places. By empowering with technology, we help retail enterprises improve sales efficiency, optimize consumer experience and loyalty, reduce operating costs and risks, and achieve sustainable growth.

In terms of cloud operations and subscription services, the Company, with ZKTeco Interconnection, Ralvie AI, and other cloud-native technology platforms at its core, has built a diversified subscription service system covering basic cloud services, value-added cloud services, and industry-customized cloud services, thereby deeply strengthening core cloud operation capabilities such as centralized cloud device management, intelligent data analysis and operation, continuous system iteration and upgrade, and scenario-based intelligent O&M. We have launched subscription packages, deeply integrating smart terminals with full-lifecycle cloud O&M services, while also offering lightweight and flexibly expandable subscription options to meet the low-threshold digitalization needs of SMEs and the customized service needs of large enterprises, thereby achieving a transformation from "product delivery" to "full-

lifecycle value services".

The Company's full-dimensional product array is built upon multimodal BioCV core technology, with deep synergy between software and hardware and efficient integration of cloud, network, and edge, forming a general-purpose scenario support capability that covers all scenarios and adapts to multiple industries. In the future, as the boundaries of user application scenarios continue to expand and extend, the Company will continue to enrich and improve its hardware terminal, software platform, and cloud service product matrix, deepen its cloud operation and subscription service capabilities, and continuously enhance product scenario adaptability and service value, to provide customers with more comprehensive, professional, and high-quality end-to-end solutions.

(IV) Synergistic advantages of the global service operation network

After years of development, the Company has accumulated rich experience in operating channel products, has a large number of customer resources, and has established a relatively complete global marketing service network system. Sales channels and service networks cover major cities in China and in multiple countries and regions around the world. Moreover, the Company actively expands its online sales channels and has established a comprehensive online marketing network on major e-commerce platforms and self built shopping malls. The integration and complementarity of international and domestic, online and offline operations have formed a strong marketing and service network advantage. Furthermore, the global marketing and service network continues to deepen its penetration, and the cloud service system is continuously improving, further solidifying the foundation for all-scenario, full-coverage service assurance.

As of December 31, 2025, the Company has established 27 branches and 16 subsidiaries across China mainland, with a sales and service system covering the whole country. The Company has established a total of 62 controlling subsidiaries overseas, located in 33 countries and regions worldwide, with product sales covering over 100 countries and regions. Through the aforementioned arrangement, globalized and localized synergy in R&D, production, sales, and service has been achieved.

Domestically, the Company takes "regional deep cultivation + structural penetration" as its core strategic focus, continuously strengthening its synergistic capabilities with core partners and distribution systems. Through the construction of a terminal brand system and multi-dimensional touchpoints such as industry exhibitions and professional forums, it systematically enhances brand penetration and industry influence. Meanwhile, the Company is accelerating the build-out of its marketing service center network and digital marketing platform, driving its sales and service capabilities to extend deeply into tier-three, tier-four, and tier-five cities, as well as county-level markets, further unleashing the growth potential of the lower-tier markets. Building on this, the Company is actively exploring a new digital marketing model of "short video + live streaming + e-commerce", achieving a transformation and upgrade from traditional channel-driven to data-driven and content-driven approaches, continuously improving customer acquisition efficiency and conversion rate. The integrated online and offline convergence continues to deepen, not only effectively expanding market coverage but also significantly enhancing channel operational efficiency and resource allocation capabilities, enabling the Company to build a more resilient growth curve in the domestic market.

The Company always adheres to the concept of localized services in the process of developing global markets. The Company continued to expand its marketing and service network to second and third tier cities in medium-sized and large countries. The Company has resident business, technical service personnel and marketers in the global market, which can provide customers with comprehensive pre-sales, in-sales, and after-sales support and services. The localized service system helps the Company quickly understand the personalized needs of local users based on factors such as local economic development level, social stability, religion, and culture, providing flexible software and hardware personalized customization services, thereby improving customer satisfaction and brand awareness, and enhancing customer viscosity. Based on a localized service team, the Company actively guides some overseas subsidiaries to transform from traditional channel sales to value-added development, expanding vertical and deep projects, optimizing the revenue structure, and enhancing profitability and anti-cyclical capabilities.

(V) Intelligent manufacturing advantages, ensuring efficient product delivery

The Company builds a "fully integrated, customized and flexible, lean and intelligent" production and manufacturing system, and has established a global manufacturing system.

1. Fully integrated production process system

With a highly integrated production process system and high-quality production facilities at the forefront of the industry, the Company has built a rich and diverse product portfolio. From injection molding and laser precision cutting to precise optical processing and sheet metal precision machining, to the application of SMT, through-hole component soldering operations, algorithm burning and programming implementation, PCBA board-level assembly, product final assembly integration, full-process testing and verification, and finished product packaging, the Company has established a complete and interlinked process chain at every key process node. This deeply vertically integrated process architecture has laid a solid foundation for a demand-driven pull production model, enabling efficient collaboration and precise alignment among various process links. The production capacity layout and production rhythm are in perfect harmony, endowing the Company with a prominent competitive edge in the industry.

2. Customized and flexible production capacity

The Company can provide comprehensive product services in various niche markets such as smart spaces, smart offices, digital identity authentication, and smart business, and possesses the capability to rapidly respond to customized demands for mass production. The Company's customized and flexible production capacity benefits from a professional R&D and engineering technical team, diverse product component production capabilities, and flexible product component coupling characteristics. The Company has achieved SMED in the production process, from SMT to injection molding, which can achieve rapid exchange of production equipment. In addition, the refined material supply system and lean line design in the assembly workshop can meet the flexible production needs of customers from different countries for small batches, multiple varieties, and customization.

3. Lean production model

The Company has achieved industry-leading lean production model in multiple production lines through overall planning of various processes in the product production process, and optimization of process flow. The lean production model can effectively reduce waste throughout the entire production and manufacturing process, reduce workers, improve labor productivity, improve output and product quality, shorten delivery cycles, and quickly meet customer needs while reducing manufacturing costs.

4. Advantages of automation and informatization

The Company continuously promotes and enhances the automation and informatization of its production processes. During the production process, multiple procedures have introduced robotic arms and successfully deployed the first automated production line, improving production continuity and product quality. In the digital transformation, systems such as MES, QMS, and APS will be introduced. Through technologies like IoT and big data, production equipment will be networked and data shared, precisely controlling the production process, reducing waiting times and human errors in production steps, and enhancing production efficiency.

5. Advantages in global manufacturing synergy

The Company continues to optimize its global intelligent manufacturing layout, establishing a three-in-one global production system comprising the Dongguan Manufacturing Headquarters, the Thai overseas manufacturing hub, and the US high-end intelligent manufacturing base. The Dongguan Headquarters Manufacturing Base serves as the core manufacturing base, solidifying the foundation of global production capacity and mass production capabilities; the Thai factory is positioned as a core overseas manufacturing hub, coordinating global cross-regional capacity allocation and playing a central role in the supply chain; the US factory focuses on localized manufacturing of high-end products and the transformation of technological achievements, deeply serving the North American regional market, and strengthening local rapid delivery and technical support.

(VI) Advantages of high-value brands, building a global market reputation

Leveraging its core technological advantages, a full-scenario product system, and global service capabilities, the Company firmly ranks among the industry's top tier, with continuously improving brand influence and market recognition.

The Company has been listed as one of the "Top 50 Global Security Companies" by asmag for six consecutive years from 2020 to 2025. In 2025, it ranked 17th on the list and was awarded awards such as "Top 50 Innovation" and "Top 10 Brands in Smart Security" in 2025 Global Security Industry Digital Innovation Ranking by asmag. It was recognized by the Department of Industry and Information Technology of Guangdong Province as a "Guangdong Province 2025 Provincial Manufacturing Single Champion Enterprise" and a "Seventh Batch of Provincial Industrial Design Centers". Since 2016, the Company has been awarded the title of

"Top 500 Manufacturing Enterprises in Guangdong Province" by Guangdong Manufacturers Association and other entities for 10 consecutive years (ranking 202nd in 2025). It was selected by the DC World Organizing Committee and relevant institutions as "2025 DC World · DC World Awards - Top 10 Brands (AI)" and "2025 DC World · DC World Awards - Top 10 Brands (Security Inspection and Explosive Disposal)". It was awarded by the China Intelligent Transportation Systems Association and the China Top 30 Intelligent Transportation Organizing Committee the "2025 14th Top 30 Intelligent Transportation Enterprises in ITSMRS". It won the third place in the "2025 Top 10 Access Control Brands Award" by China Intelligent Building and other entities. At the 2025 China IoT Industry Conference and the 22nd Huicong Brand Festival, it was awarded the 2025 "IoT Platform Excellent Service Award" and "Smart Passage Technology Innovation Award". It was awarded by the Brand Power Nation Pioneer Project Organizing Committee the "2025 National Brand Light Program Selected Brand (ZKTeco)".

In terms of products and solutions, the MG100 multimodal BioCV channel control module, unattended scenario series solutions, and ZKTeco Interconnection Cloud Platform received the "20th China Public Security Expo (CPSE) Golden Tripod Award". The ZKTeco Longhu series swing barrier and smart cloud access control terminal were awarded the "China Top 10 Digital Security New Product Award". New Generation Smart Scenic Spot Self-Service Ticketing Solution and Smart Security Inspection Solution won the "2025 Ping An Shenzhen Construction Excellent Project Award"; "ZKTeco Mars Wisdom Platform" received the "a&s TOP Digital Products & Solutions" award. The product "Facial and Palm Access Control Terminal Xpalm602" was selected by the GUANGDONG HIGH-TECH ENTERPRISE ASSOCIATION as the "2025 Guangdong Provincial Famous and Excellent High-tech Product", and the Visible Light Facial and Fingerprint Access Control Terminal "nFace260" was selected by the Dongguan High-Tech Industry Association as the "Dongguan High-Tech Products of 2025".

During the reporting period, Guangdong Zkteco passed the national high-tech enterprise re-certification and was recognized by the Department of Industry and Information Technology of Guangdong Province as one of the seventh batch of SRDI "Little Giant" enterprises in Guangdong Province; Xiamen ZKTeco obtained renewed certification certificates for ISO 9001:2015 Quality Management System, ISO/IEC 20000-1:2018 Information Technology Service Management System, ISO/IEC 27001:2022 Information Security Management System, ISO/IEC 27017:2015 Cloud Service Security Management System, ISO/IEC 27701:2019:2015 Privacy Information Management System, and GB/T29490-2023 Intellectual Property Compliance Management System.

(VII) Continuously building a talent ecosystem, stimulating organizational innovation vitality

With "talent as the core, ecosystem as the support, and incentives as the guarantee", the Company continues to build a diversified and professional talent ecosystem. The core team of the Company has over two decades of industry experience, and has a deep understanding of the development trends of technologies and products. They have a clear understanding of the Company's development strategy, product direction, technology roadmap, and marketing strategy. From user needs to solutions, from product architecture to software and hardware development, from product trial production to standardized mass production, from large-scale production organization to improved quality assurance system, from model market creation to global sales service network construction, the Company has accumulated rich operational management experience, laying a solid foundation for the Company's sound development. The core management team of the Company is stable. Currently, the core management team and key employees of the Company also directly or indirectly hold shares of the Company through the employee shareholding platform or equity incentive plan and employee stock ownership plan.

(VIII) Full-process quality control advantage, solidifying product and service quality

The Company always regards quality as its core development driver, taking the entire chain of R&D, procurement, production, and after-sales as control dimensions, to build a refined quality control system that covers all software and hardware categories and spans the entire product lifecycle. While integrating AI technology to empower R&D quality control, and through the dual assurance of technological innovation and process standardization, it continuously strengthens product and service quality, thereby building an industry-leading quality competitive barrier.

In the R&D and design phase, the Company strictly adheres to the "Design and Development Management Control Procedure", introducing a cross-departmental collaboration mechanism from project initiation and review, integrating the professional advantages

of R&D, production, quality control, and marketing, to achieve a deep match between design requirements and scenario applications, as well as production implementation. For the software R&D process, an innovative AI-assisted programming quality control system is introduced, leveraging tools like CodeRider for intelligent code review. Through AI algorithms, it achieves comprehensive control across dimensions such as code vulnerability detection, logical compliance verification, performance optimization analysis, and coding standard unification, significantly improving code writing quality and R&D efficiency, avoiding potential software product issues from the technical source, and ensuring the stability and reliability of software and hardware collaborative development.

In the procurement process, the Company establishes a standardized "Supplier Management Control Procedure", building a comprehensive supplier screening, evaluation, and dynamic management system. It conducts strict qualification audits, capacity verification, and sample testing for core raw material and component suppliers, while simultaneously establishing monthly and annual supplier evaluation mechanisms to achieve precise control over supply-side quality, ensuring the quality stability of production materials from the source.

In the production and manufacturing process, the Company strictly implements the "Production Process Control Procedure", leveraging industry-leading automated production equipment, lean production model, and digital management systems such as MES and QMS, to conduct refined and standardized control over various processes such as injection molding, SMT placement, algorithm burning, finished product assembly, and full-process testing. This achieves full data traceability and quality control at every stage of the production process, ensuring the consistency and stability of product manufacturing quality.

Regarding quality after-sales service, the Company adheres to the "customer first" service philosophy, establishing an efficient global after-sales service system. It collects customer issues and suggestions during product use in real time through a multi-channel feedback system, establishes a tiered problem-handling and closed-loop tracking mechanism, and simultaneously conducts in-depth analysis of customer feedback data. Quality improvement suggestions are fed back to the R&D and production processes, forming an "after-sales feedback - problem rectification - technical optimization" quality improvement closed loop.

Leveraging its full-process, standardized quality control system and innovative control capabilities assisted by AI technology, the Company has achieved full-chain quality control from R&D and design to after-sales service, forming a strong quality competitive advantage. In the future, the Company will continue to uphold the principle of quality first, continuously integrating cutting-edge technologies to optimize its quality control system, deepening its full-chain quality control capabilities, and continuously improving product and service quality, to provide global customers with more reliable and higher-quality products and solutions, and create long-term value for shareholders.

IV. Main Business Analysis

1. Overview

See relevant contents of "I. Main Businesses Engaged by the Company During the Reporting Period".

2. Revenue and costs

(1) Composition of operating revenue

Composition of operating revenue

Unit: RMB

	2025		2024		YoY change
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	2,132,789,667.81	100%	1,991,200,391.75	100%	7.11%

By industry					
By product					
Smart office products	331,601,012.20	15.55%	303,727,652.09	15.25%	9.18%
Smart space products	1,591,817,912.13	74.63%	1,499,690,452.95	75.32%	6.14%
Digital identity authentication products	89,136,398.95	4.18%	114,134,724.26	5.73%	-21.90%
Smart business products	66,955,688.17	3.14%	65,780,942.95	3.30%	1.79%
Smart living products	43,982,625.67	2.06%			
Other products	9,296,030.69	0.44%	7,866,619.50	0.40%	18.17%
By region					
Domestic sales	523,570,689.10	24.55%	578,972,159.13	29.08%	-9.57%
Overseas sales	1,609,218,978.71	75.45%	1,412,228,232.62	70.92%	13.95%
By sales model					
Distribution	1,436,407,854.82	67.35%	1,375,597,572.70	69.08%	4.42%
Direct sales	687,085,782.30	32.21%	607,736,199.55	30.52%	13.06%
Others	9,296,030.69	0.44%	7,866,619.50	0.40%	18.17%

(2) Industries, products, regions, or sales models that accounted for more than 10% of the Company's operating revenue or profit

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YoY change of operating revenue	YoY change of operating costs	YoY change of gross profit margin
By industry						
By product						
Smart office products	331,601,012.20	99,056,957.62	70.13%	9.18%	0.74%	2.50%
Including: attendance products	198,909,422.83	78,618,106.45	60.48%	1.23%	-4.44%	2.35%
Other products	132,691,589.37	20,438,851.17	84.60%	23.74%	27.31%	-0.43%
Smart space products	1,591,817,912.13	827,410,480.06	48.02%	6.14%	6.12%	0.01%
Including: access control products	1,051,421,341.50	515,396,340.35	50.98%	10.17%	10.90%	-0.32%
Other products	540,396,570.63	312,014,139.71	42.26%	-0.90%	-0.94%	0.02%
Digital identity authentication products	89,136,398.95	60,533,511.82	32.09%	-21.90%	-22.64%	0.65%
Including: biometrics sensor products	35,488,694.92	15,378,992.49	56.67%	0.41%	3.46%	-1.27%
Including:	46,925,120.49	43,611,157.48	7.06%	-33.47%	-28.90%	-5.97%

card products						
Other products	6,722,583.54	1,543,361.85	77.04%	-18.60%	-24.56%	1.81%
Smart business products	66,955,688.17	51,700,091.97	22.78%	1.79%	2.78%	-0.75%
Including: commercial products	24,572,910.84	18,352,926.30	25.31%	-13.23%	-7.67%	-4.50%
Including: digital signage products	31,119,035.91	24,691,088.47	20.66%	136.34%	112.71%	8.82%
Other products	11,263,741.42	8,656,077.20	23.15%	-53.64%	-54.00%	0.60%
Smart living products	43,982,625.67	23,594,508.27	46.35%			
Including: Outdoor	35,768,093.12	18,838,107.57	47.33%			
Including: Smart home	8,214,532.55	4,756,400.70	42.10%			
Other products	9,296,030.69	1,656,759.15	82.18%	18.17%	0.95%	3.04%
By region						
Domestic sales	523,570,689.10	363,081,502.73	30.65%	-9.57%	-8.23%	-1.01%
Overseas sales	1,609,218,978.71	700,870,806.16	56.45%	13.95%	14.41%	-0.17%
By sales model						
Distribution	1,436,407,854.82	793,553,448.15	44.75%	4.42%	3.90%	0.27%
Direct sales	687,085,782.30	268,742,101.59	60.89%	13.06%	10.68%	0.84%
Others	9,296,030.69	1,656,759.15	82.18%	18.17%	0.95%	3.04%

In the event that the statistical scope of the Company's main business data is adjusted during the reporting period, the main business data of the Company has been adjusted according to the scope at the end of the reporting period in the past year

Applicable Not applicable

(3) Whether the Company's physical products sales greater than revenue from labor services

Yes No

Industry classification	Item	Unit	2025	2024	YoY change
Computer, communication, and other electronic equipment manufacturing industry	Sales volume	Pcs./Set	2,836,517.00	2,611,717.00	8.61%
	Production	Pcs./Set	2,842,565.00	2,616,073.00	8.66%
	Inventories	Pcs./Set	625,050.00	466,029.00	34.12%

Description of the reasons for the year-on-year change of over 30% in relevant data

Applicable Not applicable

Due to the acquisition of subsidiary Longzhiyuan in the current period, the relevant data changed significantly year-on-year.

(4) Performance status of major sales and procurement contracts signed by the Company as of this reporting period

Applicable Not applicable

(5) Composition of operating costs

Industry classification

Unit: RMB

Industry classification	Item	2025		2024		YoY change
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Computer, communication, and other electronic equipment manufacturing industry	Raw materials	957,119,911.61	89.96%	915,878,563.40	90.84%	4.50%
Computer, communication, and other electronic equipment manufacturing industry	Labor cost	34,043,803.53	3.20%	27,850,655.11	2.76%	22.24%
Computer, communication, and other electronic equipment manufacturing industry	Manufacture cost	72,788,593.75	6.84%	64,513,427.48	6.40%	12.83%
Total		1,063,952,308.89	100.00%	1,008,242,645.99	100.00%	5.53%

Remarks

No major change

(6) Any change in consolidation scope during the reporting period Yes No

- Business merger not under common control in the current period

Name of the acquiree	Time point for equity acquisition	Cost for equity acquisition	Percentage of acquired equity (%)	Means for equity acquisition
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	11/18/2025	RMB 416.35 million	55.00	Purchase

Continued:

Name of the acquiree	Acquisition date	Determination basis for acquisition date	Revenue of the acquiree from the acquisition date to the end of term	Net profit of the acquiree from the acquisition date to the end of term	Cash flow of the acquiree from the date of acquisition to the end of term
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Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	November 18, 2025 [Note 1]	Date of obtaining control over the target company	44,651,064.61	7,802,920.54	15,500,616.41
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Note 1: According to the 22nd Session of the Third Board Meeting of the Company, the Company, Yu Mengchu, Li Weihua, Shenzhen Chengtian Enterprise Management Co., Ltd. (hereinafter referred to as "Chengtian Limited"), Shenzhen Longdingxing Enterprise Management Partnership (Limited Partnership) (hereinafter referred to as "Longdingxing"), Shenzhen Longjuxin Investment Partnership (Limited Partnership) (hereinafter referred to as "Longjuxin"), Shenzhen Longhexin Investment Partnership (Limited Partnership) (hereinafter referred to as "Longhexin"), Shenzhen Longyixin Investment Partnership (Limited Partnership) (hereinafter referred to as "Longyixin"), Shenzhen Wolonghui Investment Partnership (Limited Partnership) (hereinafter referred to as "Wolonghui"), and Li Weixiong signed the "Equity Acquisition Agreement for Shenzhen Longzhiyuan Technology Co., Ltd." (hereinafter referred to as the "Equity Acquisition Agreement") on October 17, 2025. The Company acquired 55% equity interest in Shenzhen Longzhiyuan Technology Co., Ltd. collectively held by Yu Mengchu, Li Weihua, Chengtian Limited, Longdingxing, Longjuxin, Longhexin, Longyixin, Wolonghui, and Li Weixiong for RMB 416,350,000. The Company had paid 50% of the equity transfer payment, RMB 208,175,000, by December 31, 2025. Shenzhen Longzhiyuan Technology Co., Ltd. completed the industrial and commercial change registration procedures on November 18, 2025. Concurrently, the new Board of Directors of Shenzhen Longzhiyuan Technology Co., Ltd. was established on November 18, 2025, and the directors dispatched by the Company constituted a majority in the new Board of Directors. The Company obtained substantive control over the company on November 18, 2025. For accounting convenience, it was included in the scope of consolidated financial statements effective from December 1, 2025.

2. Changes in the scope of consolidation due to other reasons

S/N	Company Name	Establishment Date	Registered Capital	Percentage of shares (%)	Reason for Change
1	ZKTECO ROMANIAS.R.L.	September 8, 2022	RON 250.00	100.00	Cancellation [Note 1]
2	NUR ALTTKNWLWJIA COMPANY	August 14, 2025	SAR 5,625,000.00	60.00	Establishment

Note 1: On April 23, 2025, ZKTECO ROMANIA S.R.L. completed its company deregistration.

(7) Significant changes or adjustments of the Company's business, products or services during the reporting period

Applicable Not applicable

During the reporting period, the Company acquired a controlling interest in Longzhiyuan by acquiring 55% of its equity. Longzhiyuan primarily engages in smart outdoor audio-visual and optical equipment, with outdoor tracking cameras as its core product. This acquisition diversified the Company's revenue categories and added smart living revenue scenarios.

(8) Major customers and suppliers

Major sales customers of the Company

Total sales amount of the top five customers (RMB)	225,069,329.82
Proportion of the total sales amount to the annual total sales amount among the top five customers	10.56%
Proportion of related party sales to annual total sales among the top five customers	0.00%

Information of top five customers of the Company

S/N	Customer Name	Sales Amount (RMB)	Proportion to Annual Total Sales
1	Customer 1	96,549,282.31	4.53%
2	Advance International company for Communication and Information technology	37,035,944.41	1.74%
3	Customer 3	34,085,196.22	1.60%

4	Customer 4	30,421,636.04	1.43%
5	Customer 5	26,977,270.84	1.26%
Total	--	225,069,329.82	10.56%

Other information of major customers

Applicable Not applicable

Main suppliers of the Company

Total procurement amount of the top five suppliers (RMB)	143,561,502.82
Proportion of the total procurement amount to the total annual procurement amount among the top five suppliers	14.36%
Proportion of related party procurement amount to annual total procurement amount among the top five suppliers	0.00%

Information of top five suppliers of the Company

S/N	Supplier Name	Procurement Amount (RMB)	Proportion to Annual Total Procurement Amount
1	Supplier 1	38,298,677.73	3.83%
2	Supplier 2	28,751,369.67	2.88%
3	Supplier 3	28,305,775.02	2.83%
4	Shenzhen G-SPEED Industrial Development Co., Ltd.	24,244,199.68	2.42%
5	Xiamen Holder Electronics Co., Ltd.	23,961,480.72	2.40%
Total	--	143,561,502.82	14.36%

Other information of major suppliers

Applicable Not applicable

During the reporting period, the Company's trade business revenue exceeded 10% of its operating revenue.

Applicable Not applicable

3. Expenses

Unit: RMB

	2025	2024	YoY change	Note of significant change
Selling expenses	469,389,517.11	446,509,619.84	5.12%	Mainly due to the increase in rental expenses, depreciation and amortization, advertising and promotional expenses, and share-based payment in the current period.
Administrative expenses	131,948,221.69	117,559,541.39	12.24%	Mainly due to the increase in payroll and depreciation and amortization.
Financial expenses	-21,015,077.76	-34,273,821.14	38.68%	Mainly due to the decrease in interest income from cash deposits and time deposit products in the current period.
R&D expenses	184,608,110.11	215,470,991.40	-14.32%	Mainly due to the decrease in R&D personnel in the current period, which led to a reduction in compensation.

4. R&D Investment

Applicable Not applicable

Main R&D Project Name	Project Objective	Project Progress	Proposed Objective	Expected Impact on the Company's Future Development
Research and Industrial Application of Key Technologies for Biometric Fusion Recognition Based on Multispectral Multimodal Large Models	This project significantly enhances the reliability and accuracy of biometric systems by adopting multispectral information acquisition technology and multimodal fusion biometric recognition methods. Multispectral technology effectively addresses the problem of high-dimensional information loss in traditional single-spectral imaging technology by capturing spectral information across multiple bands, while multimodal fusion integrates facial, iris, palmprint, and vein features, enhancing the system's anti-counterfeiting capability and recognition accuracy. The project innovatively combines deep learning and feature vector generation models to construct deep feature extraction modules, local region extraction modules, and feature alignment transformation and splicing modules for multimodal biometric matching, achieving fast and accurate extraction of biometric parameters.	Ongoing projects	1. Research on multispectral biometric technology, specifically the study of multispectral feature image acquisition technology for biometric information recognition. 2. Research on multimodal feature acquisition technology for biometric information recognition. 3. Research on fast analysis and recognition algorithms for multimodal biometrics. 4. Construction of multimodal biometric large model frameworks and research on situation assessment algorithms. 5. Research on integrated systems for biometric fusion recognition using multispectral multimodal large models.	1. Multimodal data fusion and adaptability to complex environments offer significant advantages, significantly enhancing the security and accuracy of biometrics and contraband detection through advanced deep learning technology and multimodal feature fusion. 2. Multimodality can link multiple biometrics together, breaking through the limitations of single modality and improving the security performance of multimodal biometric recognition systems. 3. Deep learning technology and multimodal feature fusion have significantly enhanced the security and accuracy of biometrics and contraband detection.
Research on Application Technologies Based on BioCV Mars Multimodal Computer Vision Model and Edge Language Model	With the rapid development of computer vision and natural language processing, multimodal vision model has become a research direction of great concern and one of the most promising and potential fields in recent years. The innovative model combines computer vision and natural language processing capabilities,	Project completed.	1. To ensure that the Company remains at the forefront of multimodal visual model technology, we will continue to track the latest technological developments in this field and continuously optimize and improve BioCV VLM 4.0. Advance research on Mars AI multimodal computer vision models and their application technologies. 2. Establish	1. Enhancing the Company's technological strength in the field of computer vision, improving the intelligence level of products, providing customers with better and more efficient solutions, and consolidating the Company's competitive advantage in the industry. 2. Promoting the Company's innovation and development in the field of AI,

	<p>and can process images, videos and text information at the same time to achieve more efficient and intelligent image and video recognition and understanding. The goal of this project is to further enhance the intelligent understanding and reasoning capabilities of multimodal computer vision models, build more powerful vision-language joint representations, and improve the model's ability to understand complex scenes. Improve inference efficiency and optimize the model's deployment capability on edge devices.</p>		<p>R&D for edge-end multimodal language model technology and a private corpus, providing voice interaction capabilities for terminal devices. 3. We will explore the application of multimodal vision models in various fields, such as security monitoring, smart home, office automation, etc., to provide technical support for the Company to expand into new business areas. 4. Empower the next-generation Mars Wisdom AI Cognitive Space Platform. 5. Develop more efficient model compression and acceleration strategies, optimize edge-side deployment solutions, and achieve cloud-edge-end collaborative computing.</p>	<p>and providing strong technical support for the Company's long-term strategic goals. 3. Accelerating the Company's technological iteration and innovation in the field of computer vision, improving the application ability of computer vision algorithms in various scenarios, and laying a solid foundation for business expansion in the global market.</p>
<p>Research on Edge Computing-driven All-Object Detection Computer Vision Algorithms and Application Technologies</p>	<p>Break through the bottleneck of traditional detection technologies being limited to specific domains, and build a cross-domain, highly generalizable intelligent detection system. Traditional methods are typically customized for single scenarios, relying on manually designed features and limited data for training, which makes them difficult to adapt to the diverse object forms, environmental conditions, and detection targets in the physical world. With the initiation of this project, we adopt a dynamic feature extraction network to learn cross-domain general representations through self-supervised pre-training. Combined with a spatial-semantic dual attention mechanism, this enables the system to automatically focus on key regions and analyze complex spatial relationships, achieving comprehensive detection of various objects in the physical world (e.g.,</p>	<p>Project completed.</p>	<p>1. Enhance SDK processing speed and reduce resource consumption, enabling it to run efficiently on edge devices (e.g., A380) and expand application scenarios. 2. Rapid algorithm expansion based on small samples: By building a small sample incremental learning framework, we break through the limitations of traditional algorithms that rely on massive annotated data. Users only need to provide 10-20 target images to generate a highly discriminative feature space. Combined with a data augmentation engine, it automatically synthesizes extended samples for complex scenarios such as lighting variations, occlusions, and multiple viewpoints. Utilizing transfer learning technology, it can quickly complete model adaptation for new target categories, significantly reducing algorithm iteration costs and deployment cycles. Customers can add new detection categories themselves via a web interface, fostering a user co-creation ecosystem.</p>	<p>1. Building technical barriers and a business moat: The cross-domain generality of all-object detection algorithms will transform the Company's "one-solution-per-case" service model. Through a self-developed unified detection framework, it can cover 20+ industry scenarios such as industrial, security, and agriculture, reducing algorithm development costs by 50%. Core patents can form a technical moat, making it difficult for competitors to achieve the same level of cross-scenario generalization capability within 3-5 years. 2. Enriching the algorithm product matrix: The all-object detection algorithm continuously enriches its algorithm product matrix through dynamic architecture upgrades and multimodal compatible design, deriving other vertical product lines based on a unified underlying detection engine. Through lightweight models and scene-adaptive interfaces, customers can freely combine detection modules. For instance, smart park solutions can concurrently run algorithms such</p>

	objects, organisms, environments). It is capable of precisely locating various objects in complex scenes, providing standardized solutions for multi-object detection in complex environments, and promoting the evolution of detection technology from "single-function" to "general intelligence". It can be applied in scenarios such as industrial quality inspection, environmental monitoring, and security surveillance.			as facial recognition, vehicle trajectory tracking, and environmental anomaly early warning. The innovatively R&D-driven interactive annotation toolchain, combined with small sample transfer learning technology, can significantly shorten the development cycle for new scene algorithms. This technology system is applicable to strategic emerging industries such as smart manufacturing and smart cities.
Vehicle-Road-Cloud Integration System Platform	Vehicle-Road-Cloud Integration, as a core architecture for intelligent transportation, achieves the comprehensive digitalization and intelligentization of transportation systems by integrating vehicles, road infrastructure, and cloud computing resources. ZKTeco, leveraging its core products such as edge computing, NVRs, video AI analysis, and the Mars Wisdom Platform, provides efficient data collection, real-time analysis, and intelligent decision support for vehicle-road-cloud scenarios.	Project completed.	1. By leveraging next-generation information and communication technologies, it integrates the physical space and cyberspace of people, vehicles, roads, and clouds into a unified entity. 2. A cyber-physical system is realized, which, based on system-level collaborative perception, decision-making, and control, enables safe, energy-efficient, comfortable, and highly efficient operation of intelligent connected vehicle transportation systems.	1. Promoting Cloud Platform Technology Innovation: Vehicle-Road-Cloud Integration places higher demands on cloud platform performance, reliability, and security, driving cloud service providers to continuously innovate and upgrade their technologies, thereby enhancing cloud platform service capabilities and competitiveness. 2. Vehicle-Road-Cloud Integration will generate a large volume of data, which can meet enterprises' data management needs, thereby expanding their business scope and increasing revenue from data services.
ZKTeco Cloud Brain-Computer Interface Foundational Technology Development	ZKTeco Cloud Brain-Computer Interface (BCI) specializes in Brain-Computer Interface (BCI) technology and related research, committed to exploring interaction technologies between the brain and external devices. Main researches include neural signal acquisition and processing, brain-computer interface technology R&D, neurofeedback and rehabilitation therapy, as well as brain function and cognitive science research. It enables early prevention of Alzheimer's disease	Project completed.	1. Development of Foundational Smart Brain-Computer Interface Technology (BioCV Brain++ Technology): Integrated application of retinal and iris recognition technologies, which enables early prevention of Alzheimer's disease through retinal imaging, AI analysis, multimodal data fusion, and behavioral and linguistic feature analysis. It will also integrate with ZKTeco NGTeco's "elderly care" product series, leveraging precise biometric technology to provide higher quality life support and health monitoring for the elderly, while	1. Through intelligent upgrades and empowerment, enhancing the real-time processing and decision-making capabilities of ZKTeco's entrance and exit management products. 2. Actively exploring innovative research and industrial transformation empowered by Vehicle-to-Everything (V2X) collaboration, cloud-edge integration, and brain-computer interface (BCI) human-machine "wet computing", by leveraging the technological advantages of BioCV and TinyML. 3. Enriching the technology ecosystem and application scenarios, leading

	<p>through retinal imaging, AI analysis, multimodal data fusion, and behavioral and linguistic feature analysis. It will also integrate with ZKTeco NGTeco's "elderly care" product series, leveraging precise biometric technology to provide higher quality life support and health monitoring for the elderly, while simultaneously protecting their data privacy.</p>		<p>simultaneously protecting their data privacy. 2. ZKTeco Glasses eye tracker accessory, suitable for multiple scenarios, records eye movement data, and provides behavioral research and analysis tools. 3. Algorithm development: optimize video structuring algorithms for various platforms, port the latest open-source models, and continuously enhance algorithm performance on low-compute platforms.</p>	<p>the integration of intelligent technology and biocomputing, and opening a new chapter.</p>
<p>General Device Management Platform Based on Device Model and Smart Edge Integration</p>	<p>This project is dedicated to building a cutting-edge general device management platform based on device model and smart edge integration. It innovatively designs an ultra-lightweight Tiny protocol, deeply applying the concept of device models to comprehensively revolutionize device access, management, and data interaction processes, achieving end-to-end standardization and ultimate efficiency. The core of this project is to establish a highly flexible and high-performance protocol architecture, with the device model as its cornerstone. This architecture seamlessly adapts to complex and diverse online and offline business scenarios, significantly reducing the cumbersome workload of device access and comprehensively improving device management efficiency. This lays a solid foundation for the Company's long-term strategic layout in the IoT field, helping it to be the first to seize new heights in industry development.</p>	<p>Project completed.</p>	<p>1. Unified Device Access Standard: Relying on the advanced Tiny protocol, designed with device models, it can precisely extract common device features and establish a set of highly universal and compatible standardized access specifications, strongly supporting the rapid and stable access of various complex devices to the platform. Leveraging the powerful flexibility of device models, it easily adapts to diverse device types, including but not limited to high-precision sensors, smart controllers, and multi-functional smart terminals, effectively resolving complex challenges arising from device differences and achieving convenient and efficient device access. 2. Support seamless switching between online and offline scenarios: From its initial design, the Tiny protocol deeply considers the differentiated needs of devices in various scenarios. Whether deployed in demanding offline industrial environments or in large-scale elastic cloud deployments, it ensures consistent and smooth interaction logic, guaranteeing the stability and reliability of device operation. Devices can intelligently adapt to online and offline scenarios without needing to switch modes, completely</p>	<p>1. Technological leadership: The successful implementation of this project will position the Company firmly at the technological forefront in the IoT domain, especially in device access and management, establishing a unique competitive advantage and becoming a leader in industry technological innovation. The groundbreaking design of the Tiny protocol will become a core technological asset for the company, providing a powerful technical engine for the R&D of a series of subsequent products and services, continuously driving the Company's technological innovation and upgrading. 2. Business growth potential: By significantly lowering the barrier to device access and substantially improving management efficiency, it will attract more partners and customers to integrate into the platform ecosystem, rapidly expand market share, and achieve explosive growth in business scale. The platform's powerful versatility and flexibility enable the Company to rapidly respond to changes in market demand, customize and develop various innovative solutions, meet the personalized needs of different customers, and further enhance market competitiveness. 3. Ecosystem construction: The next-generation general</p>

			<p>avoiding compatibility risks caused by frequent switching in traditional solutions, and significantly enhancing user experience and system operational efficiency. 3. Lower device access costs: By ingeniously simplifying protocol design and deeply optimizing the access process, it significantly lowers the technical barrier and learning cost for device developers, making device access more convenient and efficient. General SDKs and toolchains are provided, supporting rapid generation of device drivers, shortening development cycles, and reducing access workload. 4. Enhance device management efficiency: The platform, based on the device model, achieves dynamic management of device status and real-time data synchronization, providing visualized monitoring and O&M capabilities. Support full device lifecycle management, including functions such as registration, configuration, upgrades, and fault diagnosis, thereby enhancing overall management efficiency. 5. Enhance system scalability and compatibility: The Tiny protocol boasts excellent scalability, capable of proactively addressing future new device types and complex functional requirements, ensuring the platform always maintains leading technological adaptability. Compatible with mainstream IoT communication protocols (e.g., MQTT), ensuring interoperability with other systems.</p>	<p>device management platform based on object models will attract a large number of third-party developers to actively participate, jointly building a prosperous and open IoT ecosystem, and promoting technological innovation and application expansion. The vigorous development of the ecosystem will further consolidate the Company's core position in the industry, promote deep collaboration between upstream and downstream of the industry chain, and achieve a win-win situation for mutual benefit. 4. Operating cost optimization: Unified protocol standards and efficient management tools will significantly reduce device access and maintenance costs, substantially improve overall operational efficiency, and achieve optimized allocation and efficient utilization of resources. Effectively reduce resource waste caused by diverse equipment types and complex scenarios, achieve refined operational management, and enhance the Company's profitability and sustainable development capabilities. 5. Strategic layout support: The successful implementation of the project will provide strong support for the Company's development in strategic areas such as smart cities, industrial internet, and intelligent transportation, helping the Company seize opportunities in emerging markets. By accumulating massive device data and rich operational experience, a solid foundation will be laid for future intelligent decision-making and innovative applications, promoting the Company's transformation towards digitalization and intelligence.</p>
Development of intelligent devices based on video	Based on video intercom technology and large model AI technology, develop	Project completed.	Implement the Company's strategic goals, integrate the Company's technological	With smart devices based on video intercom technology and large model AI technology,

<p>intercom technology and large model AI technology</p>	<p>intelligent devices integrating attendance access control and video intercom, expanding new modes of multimodal AI access control management.</p>		<p>accumulation in areas such as video intercom capabilities, large model intelligent agents, professional attendance access control management, and edge-side intelligent analysis, to create a forward-looking multimodal AI entrance and exit access control solution, and release intelligent devices based on video intercom technology and large model AI technology.</p>	<p>innovatively offering a combination of services such as professional time attendance and access control, professional video intercom, and AI agents, to meet the business needs of the market and customers. The launch of the new product series positions the Company at the forefront of industry development, enriches its product matrix, and provides competitive and cost-effective smart devices, contributing to the Company's performance growth.</p>
<p>Enterprise-grade Time Attendance Cloud SaaS Platform Powered by LLM Applications</p>	<p>ZKBioTime Cloud is a time attendance management platform powered by LLM applications, focusing on the Workforce Management (WFM) domain. Built on a SaaS platform, it aims to provide enterprises with flexible and intelligent scheduling, optimize workforce allocation, monitor employee workload in real time, reasonably adjust and balance the work of overloaded/underloaded employees, and integrate TinyML agent interaction features to achieve real-time, localized intelligent interaction. Facilitate more convenient and seamless communication between employees and systems, enabling managers to promptly collect employee feedback and perform flexible workforce scheduling and task adjustments. Enterprises can more accurately plan their workforce, reduce operating costs, enhance employee satisfaction and work efficiency, thereby providing robust human resource support and decision-making insights for enterprises in fierce market competition.</p>	<p>Project completed.</p>	<p>1. Leverage intelligent agent technology and the SaaS model to profoundly transform traditional workforce management approaches, empowering them with intelligent analytical capabilities. By optimizing processes with intelligent agents, achieve efficient human resource management operations and enable precise digital control over workforce costs and performance, fully meeting the diverse and dynamic application scenario requirements of enterprises. 2. Focusing on data-driven and intelligent empowerment, leverage technological innovation and an integrated design philosophy to build a standardized, powerful workforce management platform, continuously leading the innovative development trend of industry applications. 3. Continuously strengthen the platform's underlying capabilities, deeply integrate them into various industry sectors, and provide high-quality, customized services to partners, consistently refining outstanding industry solutions to meet the evolving demands of the market. 4. Built upon an advanced cloud architecture foundation, it effectively resolves the conflict between autonomous management of branch offices</p>	<p>1. The widespread application of the platform will help the Company provide more comprehensive and intelligent workforce management solutions in medium and large enterprise service projects, precisely meeting customers' diverse human resource management needs, thereby significantly enhancing the Company's market competitiveness in the enterprise service sector. 2. By successfully addressing the workforce management challenges of cross-regional, multi-organizational enterprises, the Company will be able to integrate internal and external resources more efficiently, significantly improving operational efficiency and management levels, and creating more economic benefits and brand value for the Company.</p>

			and unified supervision by headquarters in cross-regional, multi-organizational enterprises, providing robust support for enterprises' digital transformation and scaled development. 5. By deeply mining and accumulating value from enterprise workforce scenario data, it provides high-value-added services to existing users and future project clients, maximizing the conversion of business value and opening up more business opportunities for enterprises.	
R&D of a New Generation of Access Control Smart Terminal Based on Multimodal Biometric Technology and AI Agent Technology (Modified to: R&D of a New Generation of Access Control Smart Terminal Based on Multimodal BioCV Technology and AI Agent Technology)	This project plans to develop a new generation AI access control management terminal integrating multimodal BioCV technology and AI agent platform technology. This terminal is based on ZKTeco's multimodal biometric algorithm technology and integrates with the AI agent platform, possessing more intelligent management functions. Visitors using this management terminal can easily and pleasantly achieve permission authentication through intelligent interaction methods. Through the integration of these technologies, users will be able to experience more humanized and empathetic interaction scenarios, while managers will also have more intelligent management modes.	Project completed.	1. Integrating the AI agent platform, it supports proactive service capabilities such as voice interaction, intent understanding, and abnormal behavior prediction, achieving "seamless passage" and "emotional feedback". 2. Comprehensive upgrade of product experience, simplified visitor procedures, and enhanced management efficiency, with AI agents automatically completing tasks traditionally handled by administrators.	1. Brand value appreciation, reshaping the "technological warmth" brand image through humanized interactive design, and enhancing market premium capability. 2. Promote the intelligent upgrade of the industry, driving more enterprises to focus on the importance of smart office and management, facilitating the development and application of related technologies and solutions, and pushing the entire industry towards a smarter and more efficient direction.
R&D of Smart Attendance Terminal V3.0 Based on Multimodal Palm Recognition Technology	This project involves the R&D of a smart attendance terminal based on multimodal, non-contact palm acquisition and recognition technology. This terminal is a comprehensive upgrade from existing palm attendance terminal versions, capable of multi-angle, close-range, high-precision palmprint and palm vein hybrid recognition. It also features a	Project completed.	This project plans to develop a multimodal, high-precision, high-security level palm recognition attendance terminal. This terminal utilizes palmprint and palm vein multi-factor fusion recognition to enhance recognition accuracy and liveness detection capability. It also incorporates audio and video visual intercom technology, offers digital visual intercom functionality, and	1. The application of next-generation palm recognition technology in attendance terminals brings new challenges and opportunities for market expansion and the enhancement of new scenario experiences. 2. Equipped with digital visual intercom function, supporting digital service operation functions such as advertisement O&M, it provides a front-end carrier for the Company's digital operation

	<p>comprehensive upgrade in interaction, and specifically implements audio and video visual intercom technology in the smart office domain, offering digital visual intercom functionality and supporting digital service operation functions such as advertisement O&M. Provide one-stop O2O solutions for enterprise smart office. It is mainly used in smart office scenarios.</p>		<p>supports digital service operation functions such as advertisement O&M.</p>	<p>strategic layout.</p>
<p>Spatial Digital Integration Platform</p>	<p>The Spatial Digital Integration Platform is built around ZKTeco's independently developed BioCV multimodal model, deeply integrating cutting-edge technologies such as AI, large model algorithms, large-capacity facial recognition, intelligent broadcasting systems, intrusion alarms, intelligent agent interaction, image retrieval, and knowledge base Q&A, to comprehensively create an intelligent and efficient entrance and exit management and security protection system. A major highlight of this phase is that the platform deeply integrates AI and large model technologies, achieving millisecond-level response for large-capacity facial recognition, ensuring efficient and precise personnel identity verification. This capability not only enhances security levels but also achieves a qualitative leap in user experience. Through seamless integration with the broadcasting system, the platform can instantly issue notifications or commands, enhancing the flexibility of emergency response and daily management. The platform's built-in</p>	<p>Project completed.</p>	<p>1. Build a new benchmark for intelligent security protection: Leverage AI and large model technologies to achieve smart perception, real-time monitoring, and in-depth analysis of entry and exit scenarios, thereby building a comprehensive and intelligent security protection system. By utilizing large-capacity facial recognition capabilities, provide efficient and accurate identity verification services, ensuring the security and convenience of personnel access. 2. Develop an efficient emergency response and intelligent broadcasting system: Integrate an intelligent broadcasting system to enable instant notifications and command dissemination, enhancing the flexibility and efficiency of emergency response. In emergencies, it can quickly convey critical information, ensuring personnel evacuation and order maintenance. 3. Drive the intelligent upgrade of image retrieval and data analysis: Provide image retrieval functionality, enabling users to quickly locate and review key event videos, thereby offering robust support for decision-making. By leveraging big data analysis and AI algorithms, deeply mine the value of entrance and exit data, providing users with</p>	<p>1. Enhancing market competitiveness: The application of the Spatial Digital Integration Platform will enable the Company to provide more comprehensive and intelligent solutions in medium to large-scale security projects, precisely meeting diverse customer needs and significantly enhancing the Company's market competitiveness in the security sector. 2. Improving operational efficiency: By effectively addressing management challenges in cross-regional multi-organizational projects, the Company will be able to more efficiently integrate internal and external resources, improving operational efficiency and management levels, and creating more value for the Company. 3. Expanding business scope: Newly added features such as AI intelligent agents, million-face comparison, and local large model retrieval will enable the Company to expand into more business areas, such as smart city and smart security, achieving diversified business development. 4. Promoting localization process: Fully supporting system and hardware localization not only complies with national information security strategic requirements but will also win the trust and cooperation of more government and state-owned enterprise customers for the company,</p>

	<p>intelligent agents utilize advanced AI algorithms to intelligently analyze business big data such as attendance reports, supporting the output of precise business data based on dynamic user needs, truly achieving intelligent interaction and zero-code development capabilities. Furthermore, by integrating image retrieval functionality, users can quickly locate and review key events, providing robust support for decision-making. Moreover, the platform's integrated knowledge base Q&A system can instantly answer user queries regarding system operations, feature applications, and more, further enhancing user satisfaction and self-service capabilities.</p>		<p>valuable insights and recommendations. 4. Build a knowledge base Q&A system to enhance user experience: Offer a built-in knowledge base Q&A system which can instantly answer user queries regarding system operations, feature applications, and more. Reduce user learning costs, enhance user satisfaction and loyalty, and create an excellent entrance and exit management service experience. 5. Achieve comprehensive intelligence and efficiency in entrance and exit management: Deeply integrate multiple business subsystems such as HR, access control, attendance, consumption, visitor management, parking, elevator control, and patrol, to achieve one-stop management. Achieve seamless integration with various devices through IoT technology, enhancing the intelligence and automation level of entrance and exit management. Significantly improve the operational efficiency and convenience of entrance and exit, bringing users an unprecedented intelligent, efficient, and convenient new entrance and exit management experience. 6. Lead innovation and development in the entrance and exit management industry: As an industry-leading intelligent entrance and exit management platform, continuously drive technological innovation and application upgrades. Provide high-quality services and excellent solutions to ecosystem partners, jointly promoting the innovation and development of the entrance and exit management industry.</p>	<p>driving the Company's continuous and healthy business development.</p>
<p>Mars Wisdom AI Cognitive Space Platform</p>	<p>Mars Wisdom AI Cognitive Space Platform, as a leading intelligent agent</p>	<p>Project completed.</p>	<p>Mars Wisdom AI Cognitive Space Platform deeply integrates a multi-dimensional</p>	<p>1. Intelligent transformation of traditional systems: Through the technological</p>

	<p>visual analysis platform, derives its core competitiveness from an innovative dual-model technical architecture: The front-end is equipped with BioCV TinyML lightweight small model technology, which, with extremely low computing power requirements and efficient real-time processing capabilities, can quickly complete basic visual analysis at the edge; while the back-end relies on a powerful large model analysis engine, and through deep learning and multimodal fusion technology, achieves accurate cognition and decision-making in complex scenarios. This collaborative "small front-end + large back-end" architecture not only ensures millisecond-level response speed and low-power operation of terminal devices but also empowers the platform with exceptional capabilities for processing high-dimensional visual data, and can flexibly adapt to diverse scenario requirements such as smart office, smart retail, and smart campus, setting a dual benchmark for efficiency and accuracy in the industry's intelligent transformation.</p>		<p>cutting-edge AI technology matrix, building a comprehensive technical system that covers voice interaction, multimodal image and text analysis, intelligent visual analysis, autonomous decision-making intelligent agents, high-precision vector retrieval, full lifecycle model governance, and dynamic workflow orchestration. This innovative architecture equips the platform with core capabilities such as cross-modal perception, complex task decoupling, and adaptive decision-making, efficiently addressing full-scenario demands from structured data processing to unstructured scene understanding, providing users with end-to-end, customizable intelligent solutions, and redefining the performance boundaries of intelligent services.</p>	<p>empowerment of Mars Wisdom AI Cognitive Space Platform, we drive traditional business systems to achieve architectural upgrades and functional evolution, deeply integrating an AI capability matrix, building intelligent agent applications with multimodal perception, autonomous decision-making, and continuous learning capabilities, and significantly enhancing the automation and intelligence level of business scenarios. 2. Edge computing product matrix innovation: Based on the hardware encapsulation of the AI technology stack from Mars Wisdom AI Cognitive Space Platform, we are launching a series of edge intelligent devices for vertical scenarios: smart NVR RS1: focusing on video structured analysis, achieving real-time event detection and early warning; large model smart brain RS2: integrating hundreds of billions of parameters for semantic understanding capabilities, supporting complex scenario decision-making; training-inference super brain RS3: creating a lightweight model training-inference integrated terminal, lowering the threshold for AI application. Forming a full-link hardware ecosystem covering data collection, processing, and decision-making. 3. Implementation of dual mode collaborative technology architecture: pioneering a "front-end lightweight small model + back-end cognitive large model" double engine driven system, relying on BioCV TinyML to achieve millisecond-level response and privacy computing at the edge, utilizing the back-end large model to complete complex task parsing and knowledge accumulation, achieving the optimal solution for computing power-efficiency through a dynamic model scheduling</p>
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				<p>mechanism, and accelerating the large-scale deployment of AI technology in fragmented scenarios.</p>
<p>BioCV X60 Edge Analysis Controller</p>	<p>This project aims to address the usage scenarios of access control and video integration, developing and launching an innovative edge analysis controller—BioCV X60. This controller integrates advanced BioCV TinyML lightweight small model technology, aiming to provide, through its extremely low computing power requirements and efficient real-time processing capabilities, an efficient, convenient, and powerful access control and video integration solution for SMEs. Through the implementation of this project, we expect to enhance the Company's competitiveness in the access control and video fusion controller market, and meet the urgent market demand for intelligent and efficient access control management systems.</p>	<p>Project completed.</p>	<p>Product technology innovation: Successfully develop and launch the BioCV X60 Edge Analysis Controller, which supports 1 door by default and can flexibly expand the number of doors via TCP/IP and RS485 protocols to meet the needs of enterprises of different scales. Efficient real-time processing: By leveraging BioCV TinyML lightweight small model technology, we ensure that the BioCV X60 Edge Analysis Controller can quickly complete basic visual analysis at the edge, achieving efficient linkage between access control and video analysis. Rich functionality: Ensure that the BioCV X60 Edge Analysis Controller possesses two core functions: access control and visual analysis, and achieves ultra-high real-time linkage at the firmware level. Access control events can be linked with video for clip capture, pre-recording, and video feature extraction, while also supporting intelligent video analysis functions such as line crossing detection, region detection, target structuring (gender, age group, clothing color, eyes, hat), and people counting, to assist access control in making more accurate entry and exit judgments. Convenience and compatibility: Replace the previous generation Atlas offline mode controller products, meeting the quick installation needs of SMEs. Additionally, ensure that the BioCV X60 Edge Analysis Controller offers higher cost-effectiveness and competitiveness compared to major competitors. Enhanced key competitiveness:</p>	<p>Market share growth: By launching the BioCV X60 Edge Analysis Controller, the Company will be able to more effectively capture the access control and video fusion controller market, especially the SME market, thereby expanding market share and enhancing brand influence. Driving technological innovation: The application of BioCV TinyML lightweight small model technology will provide the Company with a competitive edge in technological innovation, solidifying its technological leadership in the smart access control domain. Enhanced customer satisfaction: The BioCV X60 Edge Analysis Controller's efficient real-time processing, rich functionality, and ease of installation will significantly boost customer satisfaction and foster greater customer loyalty to the Company. Business expansion opportunities: With the successful launch of the BioCV X60 Edge Analysis Controller, the Company will have the opportunity to further expand its business into related fields, such as smart security, smart cities, etc., laying a solid foundation for the company's long-term development. Enhanced competitive advantage: By enhancing key competitive capabilities, such as PoE power supply and video storage functions, as well as product design that complies with international standards, the Company will be able to stand out in fierce market competition, thereby strengthening its competitive advantage.</p>

			<p>By integrating PoE power supply and video storage functions, enhance the capabilities of inBio, providing customers with more convenient and efficient access control and video fusion solutions. Compliance with international standards: Provide miniaturized controllers that comply with European installation standards, meeting DIN35 specifications, and featuring an enclosed design to enhance product market acceptance and competitiveness.</p>	
<p>Full-domain Smart Retail Scenario Solution Platform based on the Deep Integration of AIoT (Formerly: ZKDIGIMAX L3 V4.0)</p>	<p>As a comprehensive digital marketing solution specifically designed for small and medium-sized retail enterprises and brand owners, the main R&D direction is to innovate in the interactive value between people and scenarios and the value of scenario empowerment, through technologies such as IoT, machine vision, big data analysis, and AIoT integration. The solution performs multi-dimensional data AI business analysis based on front-end intelligent sensing devices and back-end data warehouses, providing retailers and brand owners with one-stop services such as precision marketing, intelligent store analysis, and operational optimization, aiming to enhance customer experience, optimize operational efficiency, and boost the business growth of retailers and brand owners.</p>	<p>Project completed.</p>	<p>Leveraging the Company's MinervaIoT platform as a foundational capability, and focusing on smart retail scenarios, the solution combines large models with edge-side AI application technology to lower the barrier to using AI technology, enabling more retail enterprises to quickly deploy and apply AI technology, and providing users with one-stop AI solutions based on different market segments and customer groups.</p>	<p>1. Diversified business expansion: The Company will take smart retail scenarios as its core, extending its services to more related market segments and customer groups. It can not only provide services to small and medium-sized retail enterprises and brand owners, but also, leveraging accumulated technology and experience, it can expand into other related industries such as large chain retail enterprises and fast-moving consumer goods (FMCG) companies, achieving diversified business development. 2. Enhanced market competitiveness: Compared with competitors, the Company, relying on advanced technology, one-stop services, and a precise understanding of customer needs, coupled with the integration of AI technology applications, will occupy a leading position in the smart retail sector, consolidating and increasing market share, and further enhancing the Company's reputation and influence within the industry. 3. Enhanced technical strength: Through the R&D of this comprehensive digital marketing solution, the Company will deeply explore and practice in cutting-edge technology fields such as IoT, machine vision, big data analysis, AIoT integration, and large model + edge-side AI</p>

				applications, continuously accumulating technical experience and talent reserves, significantly enhancing the Company's overall technical strength, and laying a solid foundation for the Company's technological innovation and business expansion in other areas.
Mobile Service Robots	Apply computer vision and Tiny Model to products, provide high-quality services to customers using intelligent technologies, and collect multi-dimensional data through more sensors to provide a basis for operational decisions, saving user resources and improving operational efficiency of users.	Project completed.	Provide mobile service robots for offices, shopping malls, and supermarkets, with functions including product and advertising promotion, and intelligent interaction.	Providing high-tech products for commercial scenarios, offering experiential value to customers, enhancing spatial management cognitive capabilities, providing users with highly competitive products and high-quality services, thereby boosting the core competitiveness of the Company's smart commercial solutions, and offering strong support for expanding market share and optimizing user operating costs.
R&D of Touchless Access Terminal V1.0 Based on Multimodal Biometric Technology	R&D of high-performance multimodal recognition touchless access technology to create safe, convenient, and efficient next-generation access solutions. Specific goals include: Improving access efficiency: Through multimodal recognition technology, achieve rapid and accurate identification of personnel and vehicles, significantly shortening access time and improving access efficiency. Optimize user experience: No active cooperation required, enabling touchless access, bringing users a convenient and comfortable access experience. Enhance security: Utilizing multimodal recognition technology, build a comprehensive, multi-dimensional security protection system to effectively prevent security risks. Promote industry upgrade: Lead the development of multimodal recognition technology,	Project completed.	Based on high-performance multimodal recognition touchless access technology, enable touchless access applications in various scenarios such as smart cities, smart transportation, smart parks, and smart buildings.	Technology leadership, enhancing core competitiveness by seizing technological high ground: Master high-performance multimodal recognition touchless access core technology, become an industry technology leader, and enhance the Company's technical strength in AI, computer vision, and other fields. Build technological barriers: Form an independent intellectual property system, build technological barriers, enhance the Company's core competitiveness, and consolidate its market leading position. Expand technical application areas: Apply multimodal recognition technology to more fields, such as smart security, smart finance, smart healthcare, etc., to expand the Company's business scope and create new growth points.

	promote the upgrade of related industry chain, and contribute to the construction of smart cities, smart transportation, and other fields.			
Cloud Parking Smart Connected Space Management Platform	This project aims to research and develop cloud-based parking solutions, creating greater business value for customers in overseas markets.	Project completed.	1. Perform automated management to reduce labor requirements, combining cloud computing, IoT, and big data technologies. 2. Provide convenient booking and payment services. 3. Global adaptability: Support multiple languages, currencies, and payment methods to meet the needs of different countries and regions.	Cloud parking contributes to the Company's enhanced core competitiveness, expanded market share, optimized operational efficiency, improved user experience, driven business model innovation, fostered cooperation and ecosystem building, addressed market challenges, and achieved sustainable development.
R&D of Domestic Multimodal Identity Authentication Device Based on Smart Identity Verification Scenario 2.0	This project aims to develop a device for nationwide production of hardware applications, operating system, and software, which can achieve multimodal identity recognition and authentication such as fingerprint, facial recognition, iris recognition, card swiping, palm recognition, QR code, and OCR. Through full-link localization technology, we aim to solve the problem of critical identity information being intercepted or tampered with during transmission and storage, driving industry chain development through technological breakthroughs, forming an ecological closed loop covering chips, terminals, and cloud services, and promoting the intelligent transformation of government affairs, security, transportation, and other fields.	Project completed.	1. Build a localized full-stack technology system, and develop a multimodal identity authentication device with fully localized hardware, operating system, and software, covering chip-level security algorithms, smart terminals, and cloud verification platforms, to ensure information security in critical identity verification scenarios. 2. Achieve multimodal biometric feature fusion verification, integrating multimodal biometric technology such as fingerprints, facial features, iris, and palm prints, and supporting compatible recognition of traditional credentials such as ID cards, passports, and QR codes, to create a "biometric + digital credential" hybrid verification mode, improving the accuracy of identity authentication in complex scenarios. 3. Break through high concurrency and extreme environment adaptability, achieving stable operation even in harsh environments such as high temperature, high humidity, and strong light.	1. Strengthen industry competitiveness and seize the high ground of localized technology. 2. Expand diversified markets and enhance business growth space. 3. Promote the construction of an industrial ecosystem and gain policy and capital support.
Integrated Facial Feature Solution Based on Cloud, Mobile, and Device Ends	Achieving cross-platform interoperability, secure and fast transmission, and unified features across	Project completed.	This project aims to conduct R&D on an integrated facial feature solution based on cloud, mobile, and edge devices, to enhance	1. Through the innovation of integrated facial feature values across cloud, mobile, and edge devices, leading the industry in solving facial

	mobile devices (such as HarmonyOS, Android, and iOS), X86 Windows, X86 Linux, and edge devices, effectively addressing user information security concerns. Mobile facial recognition supports active live detection, passive live detection, facial detection, facial feature extraction, large-capacity facial comparison, attribute recognition, and more; x86 Windows and X86 Linux support passive live detection, facial detection, facial feature extraction, large-capacity facial comparison, attribute recognition, and more; edge devices support monocular live detection, binocular live detection, facial detection, facial feature extraction, large-capacity facial comparison, attribute recognition, and more.		recognition accuracy and liveness detection capabilities, address compatibility and information security issues for global ethnic facial recognition, with significant improvements in security, stability, and usability.	information security in sectors such as smart access control, smart attendance, and smart passages, and driving the adoption of facial recognition in more application scenarios and countries; 2. Enriching the usage scenarios of product line of facial recognition algorithms, facial recognition modules, and panel machines, and improving the core competitiveness of the products; 3. Responding to the Company's strategic plan, and launching a strategic deployment of intelligent recognition solutions that meet market demands based on cloud and mobile platforms.
R&D of Non-contact Palm Recognition Technology Based on Multimodal Palm Acquisition and Recognition	This project aims to develop a multimodal non-contact palm acquisition and recognition system, which can achieve multi-angle, close range, high-precision palmprint and palm vein hybrid recognition. It simultaneously supports RFID and QR codes, etc. It realizes cross platform system registration and application, and adapts to indoor, semi-outdoor and outdoor application environments, mainly used for non-contact identity recognition in various entrance and exit scenarios such as smart attendance and smart access control.	Project completed.	This project aims to develop a multimodal, high-precision, payment grade security level palm recognition solution. This device adopts palmprint and palm vein multiple fusion recognition to improve recognition accuracy and live recognition ability, solve the problems of user height compatibility and twin misidentification, and greatly improve safety, stability, and usability.	1. Leading the industry to gradually promote the application of new biometrics in payment, smart access control, smart attendance, smart channels and other industries through the further update of palm recognition technology; 2. Enriching the usage scenarios of product line of biometric modules and panel machines, and improving the core competitiveness of the products; 3. Responding to the Company's strategic plan, and launching a strategic deployment of intelligent recognition terminals that meet market demand based on new platforms and technologies.
Cloud-Edge-End AIoT Platform V2.0	This project, centered on the Company's "End-Edge-Cloud" strategy, continuously develops the Cloud IoT Platform. It provides efficient, intelligent, and secure Cloud IoT foundational capabilities and	Project completed.	Device connection and communication: Support multi-protocol (MQTT, HTTP, WebSocket, etc.) access, achieving efficient and stable connectivity for massive devices. Payment and subscription system: Support	This project will be a key pillar of the Company's IoT strategy, driving the upgrade of an end-edge-cloud integrated IoT platform, and by combining AI, multimodal, and data analysis capabilities, it will enhance market

	<p>services to the Company and enterprise-level customers, thereby facilitating the construction of a cloud-edge-end integrated ecosystem.</p>		<p>subscription-based business models for IoT devices, providing flexible billing and settlement capabilities. Multi-company multi-tenant architecture: Support multiple enterprises sharing the platform, ensuring tenant data isolation and enhancing the adaptability of enterprise-grade IoT solutions. Identity authentication and permission management: Based on security protocols such as OAuth and JWT, build a comprehensive user identity authentication and permission control system. Organizational structure management: Support hierarchical management of enterprise users, optimizing permission allocation for IoT devices and organizational collaboration. Message notification and push: Provide multiple methods such as Web, App, SMS, and Email, achieving efficient event notification and alert mechanisms. Video and multimodal processing capabilities: Support real-time audio and video stream processing, storage, and analysis, enhancing IoT business capabilities such as video surveillance and remote control. Integrate AI for multimodal data analysis (image, voice, text) to enhance the intelligent processing capability of IoT data.</p>	<p>competitiveness and business value. In the future, the Company will leverage this platform to expand into more AIoT application scenarios, forming core advantages of technological barriers, business model innovation, and deep industry integration, thereby contributing to the development of the global IoT ecosystem.</p>
<p>LLM and AI Agents-based Automated Time Management and Business Optimization System V1.0</p>	<p>Ralvie AI leverages Large Language Models (LLM) and AI Agents to provide enterprises and individuals with automated time management, intelligent data analysis, and business optimization. Its core functions include: 1. Smart Time Recording: Automatically track and categorize user work activities without manual input. 2. Personalized Work</p>	<p>Project completed.</p>	<p>1. Intelligent driven: Based on Large Language Models (LLM), it possesses capabilities in natural language understanding, pattern recognition, and task automation, facilitating intelligent decision-making and efficient execution. 2. Smart Knowledge Base: Build exclusive knowledge bases for enterprises and individuals, automatically organize, store,</p>	<p>As the complexity of modern enterprise operations increases, employees and management require more efficient time management and intelligent data analysis tools. Traditional time tracking methods fail to provide sufficient business insights, while cumbersome manual work logs and reporting processes waste a significant amount of valuable time. Ralvie AI, as an intelligent agent</p>

	<p>Reports: AI generates detailed time management reports, helping users optimize their work methods and improve efficiency. 3. Data-Driven Optimization: Utilize cloud computing and machine learning for in-depth analysis, providing precise recommendations for productivity improvement. 4. Privacy Protection: Data is for the user's sole use, and does not record keyboard input or screen content, avoiding monitoring risks. 5. Smart Project Management: Realize real-time progress monitoring, optimizing resource allocation, reducing operational costs, and enhancing decision-making efficiency. 6. Personalized Growth Support: Provide dashboard data, intelligent planning suggestions, and career growth analysis to help employees continuously optimize their work methods. Ralvie AI makes time management more efficient, empowering enterprises and individuals to unleash maximum productivity.</p>		<p>and extract key information, enhancing the intelligence level of work. 3. Efficient AI Agents: Deploy various types of AI agents that precisely adapt to different scenario requirements, facilitating task execution and efficiency improvement. 4. Automated Work Logging: Intelligently track user work activities, automatically classify and organize them, eliminating the need for manual input, and ensuring data integrity and usability. 5. Data-Driven Optimization: Combining cloud computing and machine learning, deeply analyze user data, and provide intelligent optimization suggestions, facilitating productivity enhancement. 6. Personalized Learning: Realize adaptive learning based on user habits, continuously optimize time management strategies, and provide more precise work suggestions, enhancing individual and enterprise efficiency.</p>	<p>system for time management and analysis tools, is dedicated to helping enterprises and individuals optimize work efficiency, enhance productivity, and support business decisions. Addressing the shortcomings of traditional time management, which only records clock-in/out times and work durations, it provides more granular work insights, helping managers and employees adjust strategies in real-time, promoting internal data sharing within enterprises, and optimizing overall workflows. Utilizing AI for business trend analysis provides enterprises with more precise strategic planning. Ralvie AI aims to enhance the time management capabilities of enterprises and individuals through AI technology, while simultaneously offering intelligent data analysis to optimize decision-making processes. It is not only an efficient time management tool but also an intelligent decision support system, helping users break free from inefficient manual operations, focus on truly important work tasks, and create greater value for the Company in the field of AI intelligent agents.</p>
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R&D personnel of the Company

	2025	2024	Change ratio
Number of R&D staff (person)	951	1,118	-14.94%
Proportion of R&D personnel	27.57%	31.42%	-3.85%
Education background of R&D personnel			
Bachelor's degree	660	761	-13.27%
Master's degree	62	64	-3.13%
Age composition of R&D personnel			
Under 30 years old	395	497	-20.52%
30~40 years old	434	501	-13.37%

Amount of R&D investment and its proportion in operating revenue of the Company in the past three years

	2025	2024	2023
R&D investment amount (RMB)	184,608,110.11	215,470,991.40	213,613,414.56
Ratio of R&D investment to operating revenue	8.66%	10.82%	10.84%
Amount of R&D expenditure capitalization (RMB)	0.00	0.00	0.00
Ratio of capitalized R&D expenditure to R&D investment	0.00%	0.00%	0.00%
Proportion of capitalized R&D expenditure to current net profit	0.00%	0.00%	0.00%

Reasons and impacts of significant changes in the composition of R&D personnel in the Company

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D investment to operating revenue compared to the previous year

Applicable Not applicable

Reasons for significant changes in the capitalization rate of R&D investment and their rationality explanation

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2025	2024	YoY change
Subtotal of cash inflows from operating activities	2,350,618,627.37	2,394,049,601.81	-1.81%
Subtotal of cash outflows from operating activities	1,968,145,596.56	2,165,713,018.76	-9.12%
Net cash flows from operating activities	382,473,030.81	228,336,583.05	67.50%
Subtotal of cash inflows from investing activities	3,159,089,716.26	1,663,237,967.53	89.94%
Subtotal of cash outflows	3,608,459,716.58	1,829,043,721.44	97.29%

from investing activities			
Net cash flows from investing activities	-449,370,000.32	-165,805,753.91	-171.02%
Subtotal of cash inflows from financing activities	171,682,520.65	23,810,988.13	621.02%
Subtotal of cash outflows from financing activities	227,951,572.52	199,897,055.95	14.03%
Net cash flows from financing activities	-56,269,051.87	-176,086,067.82	68.04%
Net increase in cash and cash equivalents	-128,625,194.95	-102,676,225.59	-25.27%

Main influencing factors for significant year-on-year changes in relevant data

Applicable Not applicable

(1) The net cash flow generated from operating activities increased by 67.50% year-on-year, mainly due to an increase in cash received from selling goods and providing services in the current period and a decrease in cash paid for purchasing goods and receiving services.

(2) The net cash flow from investing activities decreased by 171.02% year-on-year, mainly due to the increase in the acquisition of financial products and structured deposits in the current period compared with the same period of the previous year, as well as the payment for the acquisition of Longzhiyuan this period.

(3) The net cash flow generated by financing activities increased by 68.04% year-on-year, mainly due to the notes receivable, discounted letters of credit, and payments for share repurchases made in the previous period.

Description of the significant difference between the net cash flow generated by the Company's operating activities and the net profit of the current year during the reporting period

Applicable Not applicable

During the reporting period, the difference between the net cash flow from the Company's operating activities and net profit was mainly due to adjustments for non-cash gains and losses such as asset depreciation, changes in operating accounts receivable and accounts payable, and changes in inventory. For details, please refer to "Section VIII Financial Report", "VII. Notes to the consolidated financial statements", "62. Supplementary information of cash flow statement".

V. Non-main Business

Applicable Not applicable

Unit: RMB

	Amount	Proportion to Total Profit	Description of Reason	Sustainable or Not
Investment income	2,637,301.43	0.98%	Mainly due to the profit and loss arising from the maturity of financial products purchased in the current period	No
Profits and losses from fair value changes	15,102,322.02	5.59%	Mainly due to the profit and loss generated during the holding period of the financial products purchased in the current period	No
Asset impairment	-15,091,760.31	-5.58%	Mainly due to the provision for inventory impairment in the current period	No
Non-operating revenue	1,934,540.52	0.72%	Mainly due to gains from impairment and retirement of non-current assets	No
Non-operating	5,153,791.42	1.91%	Mainly due to expenses such as the	No

expenditure			disposal of obsolete materials and charitable donations in the current period	
Other income	11,545,929.17	4.27%	Mainly due to other income arising from government subsidies, additional VAT deductions, and similar items in the current period	No
Losses from credit impairment	-21,053,880.50	-7.79%	Mainly due to the provision of bad debt reserves for accounts receivable in the current period	No
Gains from disposal of assets	312,220.10	0.12%	Mainly due to gains from disposal of non-current assets in the current period	No

VI. Analysis of Assets and Liabilities

1. Significant changes of asset items

Unit: RMB

	At the end of 2025		At the beginning of 2025		Proportion increase or decrease	Note of significant change
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary funds	1,243,119,411.23	25.09%	1,473,334,905.97	36.70%	-11.61%	Mainly due to the purchase of financial products, investment expenditures for construction projects, implementation of profit distribution for the previous year (cash dividends), and payment for subsidiary acquisition in the current period
Accounts receivable	676,383,210.14	13.65%	519,014,337.89	12.93%	0.72%	Increase in overseas business, resulting in accounts receivable increase due to the relatively long collection cycle of overseas business
Contract assets	26,949.78	0.00%	212,795.14	0.01%	-0.01%	No major change
Inventories	468,837,064.12	9.46%	335,306,397.14	8.35%	1.11%	Mainly due to an increase in strategic raw material reserves this year and an increase in

						inventory of acquired companies at period-end
Investment real estate	19,863,144.69	0.40%	21,504,316.77	0.54%	-0.14%	No major change
Long-term equity investment	25,112,854.58	0.51%	28,982,092.23	0.72%	-0.21%	No major change
Fixed assets	723,300,476.82	14.60%	535,337,384.82	13.33%	1.27%	Mainly due to the partial capitalization of the Multimodal Biometrics Digitalization Industrial Base Construction Project and the capitalization of the Thai factory construction project
Construction in progress	113,147,627.97	2.28%	226,445,932.02	5.64%	-3.36%	Mainly due to the capitalization of the Multimodal Biometrics Digitalization Industrial Base Construction Project and the capitalization of the Thai factory construction project
Right-of-use assets	55,789,456.58	1.13%	48,352,214.14	1.20%	-0.07%	No major change
Short-term loan	81,101,188.00	1.64%			1.64%	Mainly due to newly added proceeds from discounting bank acceptance bills and letters of credit
Contract liabilities	76,516,595.89	1.54%	71,168,318.91	1.77%	-0.23%	No major change
Long-term borrowings	139,871.08	0.00%	7,021,328.89	0.17%	-0.17%	No major change
Lease liabilities	25,370,074.36	0.51%	29,108,076.76	0.73%	-0.22%	No major change
Trading financial assets	800,444,410.21	16.15%	491,331,815.79	12.24%	3.91%	Mainly due to the increase in financial products
Intangible assets	271,465,068.24	5.48%	99,844,396.80	2.49%	2.99%	Mainly due to newly added patented

							technology, trademarks, and customer relationships from the acquired subsidiary in the current period
Goodwill	239,061,688.95	4.82%	512,337.25	0.01%	4.81%		Mainly due to goodwill arising from the acquired subsidiary in the current period
Trading financial liabilities	208,175,000.00	4.20%			4.20%		Mainly due to contingent consideration arising from the acquired subsidiary in the current period

High proportion of overseas assets

 Applicable Not applicable

Specific content of assets	Cause of formation	Asset size	Location	Operation mode	Control measures to ensure asset security	Income	Proportion of overseas assets to the Company's net assets	Is there a significant impairment risk
ZK INVESTMENTS INC.	Wholly-owned subsidiary	21,339.41	America	Overseas investment	Control by subsidiary	4,701.76	5.82%	No
ZK TECHNOLOGY LLC	Controlling subsidiary	9,339.47	America	Overseas sales	Control by subsidiary	9,654.42	2.55%	No
ZKTECO CO., LIMITED	Wholly-owned subsidiary	63,354.17	Hong Kong	Overseas sales	Control by subsidiary	1,116.21	17.28%	No
ARMATURA TECH CO.,LTD.	Wholly-owned subsidiary	25,487.85	Thailand	R&D, manufacturing, and sales of products	Control by subsidiary	2,624.78	6.95%	No
ZKTECO SECURITY L.L.C	Wholly-owned subsidiary	14,301.36	UAE	Overseas sales	Control by subsidiary	2,613.04	3.90%	No
Other explanations	Note: Main overseas assets mean that the assets of overseas individual companies exceed 10% of the consolidated assets or the net profit of overseas individual companies exceeds 10% of the consolidated net profit of the Group. Unit: RMB '0,000							

2. Assets and liabilities measured at fair value

 Applicable Not applicable

Unit: RMB

Item	Opening balance	Profits and losses from	Cumulative changes in	Impairment accrued in	Purchase amount in	Sales amount in	Other changes	Ending balance
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		fair value changes in the current period	fair value recognized in equity	the current period	the current period	current period		
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	491,331,8 15.79	15,102,322. 02			3,124,002,6 10.77	2,829,033,7 15.78	- 958,622.59	800,444,41 0.21
2. Derivative financial assets					25,167,850. 00	25,496,603. 23	328,753.23	
3. Other debt investments	0.00							
4. Other equity instrument investments	0.00							
5. Other non-current financial assets	0.00							
Subtotal of financial assets	491,331,8 15.79	15,102,322. 02	-	-	3,149,170,4 60.77	2,854,530,3 19.01	- 629,869.36	800,444,41 0.21
Investment real estate	0.00							
Productive biological assets	0.00							
Others	0.00							
Total	491,331,8 15.79	15,102,322. 02	-	-	3,149,170,4 60.77	2,854,530,3 19.01	- 629,869.36	800,444,41 0.21
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	208,175,00 0.00	208,175,00 0.00

Other changes

Other changes in financial assets were primarily attributable to exchange rate fluctuations, while other changes in financial liabilities represented contingent consideration arising from the acquisition of subsidiaries during the current period.

Has there been any major change in the measurement attributes of the Company's main assets during the reporting period

Yes No

3. Assets right restrictions as of the end of the reporting period

Please refer to "Section VIII Financial Report VII. Notes to Consolidated Financial Statements 23. Assets with Restricted Ownership or Use Rights" in this report for details

VII. Investment Analysis

1. Overall

Applicable Not applicable

Investment in the reporting period (RMB)	Investment in the same period of the previous year (RMB)	YoY
3,177,512,110.99	1,725,309,509.06	84.17%

2. Significant equity investments obtained during the reporting period

Applicable Not applicable

Unit: RMB

Name of investee	Main business	Investment Mode	Investment amount	Percentage of shares	Source of Funds	Partner	Investment Term	Product type	Progress as of the Balance Sheet Date	Expected Income	Investment Gains and Losses for the Current Period	Whether it is a litigation	Disclosure Date (if any)	Disclosure Index (if any)
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	Domestic trade; engage in import and export business	Acquisition	416,350,000.00	55.00%	Own funds	None	Long term	Investment	As of December 31, 2025, the Company has paid the first installment of the transaction price, RMB 208,175,000, which is 50.00% of the transaction consideration, and the equity transfer has been completed.	Not applicable	Not applicable	No	October 17, 2025	Announcement No.: 2025-091
Total	--	--	416,350,000.00	--	--	--	--	--	--	Not applicable	Not applicable	--	--	--

3. Significant non-equity investments during the reporting period

Applicable Not applicable

Unit: RMB

Project Name	Investment Mode	Fixed Asset Assessment	Investment Project	Investment Amount	Accumulated Actual	Source of	Project Progress	Expected Income	Accumulated Realized	Reasons for Not	Disclosure Date (if	Disclosure Index (if
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		or Not	Industry	During the Reporting Period	Investment Amount As of the End of the Reporting Period	Funds			Income As of the End of the Reporting Period	Achieving Planned Progress and Expected Benefits	any)	any)
Hybrid Biometrics IoT Intelligent Industrial Base Project	Self-built	Yes	Plant and supporting facilities		226,519,519.55	Own funds, bank loans, and raised funds	Under construction	Not applicable	67,623,830.00	Not applicable		
Multimodal Biometrics Digitalization Industrial Base Construction Project	Self-built	Yes	Plant and supporting facilities	7,197,754.87	195,525,972.88	Own funds and raised funds	Under construction	Not applicable		Not applicable		
Thai factory construction and office buildings	Self-built	Yes	Plant and supporting facilities	3,160,217.63	83,027,405.00	Own funds	Completed	Not applicable		Not applicable		
American Manufacturing Factory Construction Project	Self-built	Yes	Plant and supporting facilities	43,151,527.72	49,690,642.68	Own funds and raised funds	Under construction	Not applicable		Not applicable		
Total	--	--	--	53,509,500.22	554,763,540.11	--	--	Not applicable	67,623,830.00	--	--	--

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

There were no securities investments during the Company's reporting period.

(2) Derivative investment

Applicable Not applicable

1) Derivative investments for hedging purposes during the reporting period

Applicable Not applicable

Unit: RMB '0,000

Types of derivative investments	Initial investment amount	Opening amount	Profits and losses from fair value changes in the current period	Cumulative changes in fair value recognized in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Closing amount	Ratio of ending investment amount to the Company's net assets at the end of the reporting period
Forward foreign exchange settlement and sales	0	0	0	0	2,516.79	2,516.79	0	0.00%
Total	0	0	0	0	2,516.79	2,516.79	0	0.00%
Accounting policies and specific accounting principles for hedging business during the reporting period, as well as description on whether there have been significant changes compared to the previous reporting period	No major change							

Description of actual profit and loss during the reporting period	During the reporting period, the Company obtained investment income of RMB 285.8 thousand through forward foreign exchange settlement and sales.
Description of hedging effect	In the daily operation process of the Company, foreign currency transaction is involved. In order to prevent exchange rate fluctuation risks, it is necessary for the Company to carry out foreign exchange derivative trading business related to daily operation needs according to specific circumstances to reduce the risk of exchange rate or interest rate fluctuations that the Company continues to face. The Company's forward foreign exchange settlement and sales business can achieve the goal of locking in business contract profits at most time points, without significant risks, which achieves the purpose of hedging.
Source of funding for derivative investment	Own funds
Risk analysis and control measures of derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>I. Risk analysis of the Company's hedging business</p> <p>Forward foreign exchange settlement and sales business can reduce the impact of exchange rate fluctuations on the Company's production and operation in the event of significant fluctuations in exchange rates, but there are still certain risks in conducting forward foreign exchange settlement and sales transactions:</p> <ol style="list-style-type: none"> 1. Exchange rate fluctuation risk: In cases of significant fluctuations in exchange rate courses, exchange losses may occur when the exchange rate of the forward foreign exchange settlement and sales agreed in the confirmation letter for the forward foreign exchange settlement and sales is lower than the real-time exchange rate. 2. Risk of payment collection prediction: Business departments make payment prediction based on customer orders and expected orders. During the actual execution process, customers may adjust their own orders and predictions, resulting in inaccurate company payment prediction and the risk of delayed delivery of forward exchange settlement. 3. Internal control risk: Forward foreign exchange settlement and sales transactions are highly specialized and complex, which may result in risks due to imperfect internal control systems. 4. Customer default risk: If the customer's accounts receivable are overdue and the payment cannot be collected within the predicted payment period, it will cause a delay in forward exchange settlement and result in losses to the Company. 5. Transaction performance risk: Conducting financial derivative trading business carries the risk of default caused by the inability of counterparties to perform when the contract expires. <p>II. Preparation work and risk control measures for hedging by the Company</p> <p>The Company follows the principle of hedging when conducting forward foreign exchange settlement and sales transactions, and does not engage in speculative arbitrage transactions. The main risk control measures are as follows:</p> <ol style="list-style-type: none"> 1. When signing forward foreign exchange settlement and sales contracts, transactions are carried out in strict accordance with the Company's predicted collection amount, and all forward foreign exchange settlement and sales businesses have a true trade background. 2. The Company has formulated the "Management System for Forward Foreign Exchange Settlement and Sales of ZKTECO CO., LTD.", which clearly stipulates the amount, variety, approval authority, internal audit process, information disclosure, and other aspects of forward foreign exchange settlement and sales. Moreover, the Company has strengthened the business training and professional ethics of relevant personnel, improved the quality of relevant personnel, and established a timely reporting system for abnormal conditions to avoid the occurrence of operational risk to the maximum extent. 3. To prevent the delayed delivery of forward foreign exchange settlement and sales, the Company will attach great importance to the management of foreign currency accounts receivable, avoid the phenomenon of overdue accounts receivable, and strive to improve the accuracy of payment collection prediction and reduce prediction risks. Meanwhile, the Company has purchased credit insurance for some export products, thus reducing the customer default risk. 4. To control transaction performance risks, the Company carefully selects counterparties engaged in financial derivatives business. The Company only conducts financial derivative trading business with legally qualified large commercial banks and other financial institutions, and carefully reviews the contract terms signed with the counterparties to prevent credit and legal risks.

<p>Changes in market price or fair value of products during the reporting period of the invested derivatives. The analysis of the fair value of derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters</p>	<p>The Company's accounting for the fair value of derivatives mainly focuses on the unexpired contracts for forward foreign exchange settlement and sales transactions signed between the Company and banks during the reporting period. Trading financial assets or trading financial liabilities are recognized based on the difference between the quoted price of the unexpired forward foreign exchange settlement and sales contract at the end of the period and the forward foreign exchange price.</p>
<p>Litigation situation (if applicable)</p>	<p>None</p>
<p>Disclosure date of announcement by the Board of Directors for approval of derivative investment (if any)</p>	<p>April 23, 2025</p>

2) Derivative investments for speculative purposes during the reporting period

Applicable Not applicable

There were no derivative investments for speculative purposes during the Company's reporting period.

VIII. Disposal of Significant Assets and Equity

1. Disposal of significant assets

Applicable Not applicable

There is no disposal of significant asset for the Company during the reporting period.

2. Disposal of significant equity

Applicable Not applicable

IX. Analysis of Major Holding and Joint-stock Companies

Applicable Not applicable

Major subsidiaries and joint-stock companies with an impact on the Company's net profit of over 10%

Unit: RMB

Company Name	Company type	Main business	Registered Capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
ZKTECO SECURITY L.L.C	Subsidiaries	Sales of goods	AED 300,000.00	143,013,553.47	127,052,574.39	118,036,430.05	29,438,622.56	27,824,178.84
ZK TECHNOLOGY LLC	Subsidiaries	Sales of goods	Not applicable	93,394,743.51	37,507,801.47	183,159,174.37	96,112,449.95	96,544,212.19
ZK INVESTMENTS INC.	Subsidiaries	Investment	USD 100.00	213,394,106.88	212,285,127.77	0.00	64,439,759.97	47,017,560.45
ARMATURA TECH CO.,LTD.	Subsidiaries	Sales of goods	THB 602,983,200.00	254,878,504.59	200,736,545.16	156,815,137.35	26,107,044.40	26,247,769.15
ZKTeco (Guangdong) Co., Ltd.	Subsidiaries	R&D, production, and sales of products and software	800,000,000.00	1,818,860,099.77	1,019,618,032.31	1,217,519,870.15	71,253,240.53	69,050,213.04

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company Name	Method of acquiring and disposing of subsidiaries during the reporting period	Impact on overall production, operation, and performance
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	Acquisition	With no significant impact on the overall production, operation, and performance of the Company;
ZKTECO ROMANIA S.R.L.	Cancellation	With no significant impact on the overall production, operation, and performance of the Company;
NUR ALTKNWLWJIA COMPANY	Establishment	New establishment, with no significant impact on the overall production, operation, and performance of the Company;

Description of the main controlling and participating companies

Please refer to the relevant content of "Section VIII Financial Report - X. Equity in Other Entities" for details

X. Structured Entities Controlled by the Company

Applicable Not applicable

XI. Outlook for the Future Development of the Company

(I) The Company's future development strategy and plans

1. Overall business development strategy of the Company - Deepen the development of BioCV core technology, expand the cloud subscription ecosystem, and lead the global upgrade of intelligent spaces

In the era of rapid technological advancement, ZKTeco, with its deep accumulation in multimodal BioCV technology, is leveraging its core multimodal BioCV technology as the engine to actively embrace the AI wave and drive intelligent transformation across various industries. ZKTeco will continue to increase R&D investment, attract top AI talents, integrate cutting-edge algorithms and technologies, optimize product performance, expand application boundaries, and reshape industry standards. Driven by AI technology, the Company will focus on core technologies, empower more industries to undergo intelligent transformation, create greater value on the global stage, and lead the industry towards a brilliant future. The Company is committed to becoming a global leader in smart space evolution services and leading the industry to new heights.

In the future, the Company will comprehensively deepen the transformation and upgrading of its business model, firmly transitioning strategically towards cloud business and cloud subscription services. Relying on cloud-native technology foundations such as the Minerva IoT ZKTeco Cloud IoT platform, the Company aims to build an integrated edge-cloud-device cloud operation system and establish a full-dimensional subscription product matrix covering basic services, value-added services, and industry-customized services. We are gradually moving away from the traditional one-time hardware sales model and shifting towards a cloud-based full-lifecycle O&M and pay-as-you-go subscription service model, deeply binding customers to their full lifecycle value, continuously enhancing user stickiness, while also opening up cloud ecosystem cooperation to create a new engine for sustainable, high-stickiness, and high-value-added long-term growth.

2. Core business development planning

(1) Smart space: Intelligent upgrade spanning physical and digital worlds

Centered on the AI cognitive computing platform, it upgrades smart spaces from "full-element perception" to "autonomous decision-making and continuous evolution".

Under the digital wave, entrance and exit management is transitioning from traditional models to intelligent ones. Unlike traditional systems that only focus on human and vehicle passage control, ZKTeco's Baiaruida focuses on physical space computing, and its ZKBio makes initial breakthroughs in the digitalization of the general entrance and exit. ZKTeco's AI space cognition computing technology achieves a qualitative leap. This technology integrates full-scenario perception of people, vehicles, objects, and the environment, endowing the space management system with a "smart brain" to deeply analyze behavior patterns and correlations.

In terms of efficient passage, the system integrates video, visual perception and high-precision radar technologies to quickly and accurately identify people, vehicles, and objects, optimizing the passage verification process. Whether in busy commercial centers or high-density office areas, it can effectively alleviate congestion and improve circulation efficiency. In terms of energy conservation and environmental protection, the system senses environmental factors such as light and temperature in real time, intelligently regulates lighting and ventilation equipment to reduce energy consumption; and optimizes material circulation to reduce transportation carbon emissions.

Taking large commercial complexes as an example, the system analyzes the trajectories and dwell times of people, vehicles, and objects to gain insights into consumer preferences and operational needs, assisting in precise marketing and resource allocation, thereby enhancing economic benefits and promoting green development. Additionally, users can make remote reservations and self-service passage through mobile devices, enjoying convenient services. In the future, entrance and exit management will further evolve towards intelligence and humanization.

(2) Smart office: Driving a revolution in organizational efficiency with AI Agents

In the smart office domain, centered on multimodal BioCV technology and IoT perception technology, the ZKTeco Interconnection AIoT Cloud Scene Ecosystem Platform, through the multi-technology integration of "end-edge-cloud + AI," can

achieve comprehensive perception, intelligent analysis, and efficient management. The Company provides intelligent solutions for enterprises and institutions covering scenarios such as attendance, visitors, meetings, and consumption, aiming to optimize time management and operational efficiency.

ZKTeco Interconnection's smart solutions integrate AI agents and cloud technology, centered on Ralvie AI technology, to achieve a profound upgrade from "time management" to "organizational efficiency management". The Company innovates time management models by accurately recording and analyzing employees' working hours and efficiency, it converts time into quantifiable value certificates. This not only provides a basis for performance evaluation but also helps enterprises optimize processes and resource allocation, enhancing operational efficiency, creating smart time management solutions and a one-stop smart office ecosystem, and giving time management a new meaning.

(3) Digital identity authentication: Fusion innovation of multimodal BioCV and blockchain

In the digital age, identity authentication is the cornerstone of security. ZKTeco continuously upgrades its multimodal BioCV fusion technology, deepening its integration with blockchain and large model technologies, to build a "precise, secure, trustworthy, and cross-scenario" digital identity authentication system. Biometric recognition accurately captures user identities, AI intelligent analysis quickly verifies the identities, and blockchain ensures decentralized storage and immutability of data. In the financial sector, this system effectively prevents identity fraud and ensures fund security; in access control scenarios, it enables fast passage and efficient management, providing security for various venues.

(4) Smart business: AI Agents driving a full-link marketing revolution

Centering on the ZKDIGIMAX Level3 platform, and integrating AI agents, large models, and computer vision technology, we build intelligent full-link solutions for smart business.

In the smart business sector, ZKTeco, with the ZKDIGIMAX Level3 platform as its core, integrates AI agents, large models, and computer vision technology to build intelligent full-link solutions for smart business. Leveraging smart digital signage, we drive innovation in digital advertising operations. By deeply analyzing consumer behavior data, it accurately identifies needs and achieves personalized marketing, enhancing effectiveness and satisfaction. The digital signage management service integrates AI large models, achieving full-process intelligence from content creation to precise placement and effect tracking, and injecting new energy into smart business.

(5) Operations and subscription services: Building a full-lifecycle O&M ecosystem centered on cloud operations, and establishing long-term value stickiness through a subscription model.

The Company positions cloud services as its core strategic business, relying on self-developed cloud-native technology foundations such as the ZKTeco Cloud IoT Platform Minerva IoT and ZKTeco Interconnection. It deeply strengthens its core cloud operation capabilities and diversified subscription service system, transforming from the traditional "hardware sales + one-time service" model to a high-value business model of "full-lifecycle cloud operations O&M + subscription-based on-demand services". By providing customers with continuous, professional, and customized cloud-based operations and O&M services, the Company deeply binds to customers' full lifecycle needs, builds irreplaceable long-term cooperative relationships, continuously enhances user stickiness and customer lifetime value, and creates a sustainable new engine for its performance growth.

In building core cloud operation capabilities, the Company, based on an edge-cloud-device integrated technical architecture, has established a comprehensive cloud operation service system covering "full device lifecycle management, intelligent data analysis and operations, continuous system iteration and upgrades, and scenario-based intelligent O&M". This provides customers with one-stop cloud-based operation support, from device deployment to daily operations, from data collection to value mining, and from fault handling to intelligent optimization.

First, it achieves centralized cloud-based operational management of devices, supporting concurrent access for hundreds of millions of devices. It provides customers with services such as real-time device status monitoring, remote fault diagnosis, batch parameter configuration, and remote device firmware upgrades, significantly reducing customer device O&M costs and improving device operational stability and utilization efficiency.

Second, it builds intelligent data analysis and operation capabilities. Relying on the multimodal cognitive computing capabilities

of the Mars Wisdom AI platform, it conducts in-depth analysis of multi-dimensional data collected by devices, including people, vehicles, objects, and environment. This provides customers with value-added services such as operational decision reports, resource optimization suggestions, and risk early warning alerts, transforming data resources into operational value for customers.

Third, it provides full-stack iterative system operations, continuously upgrading and optimizing cloud platforms, industry software, and intelligent algorithms. It timely integrates cutting-edge technological capabilities such as large models and edge AI, ensuring customers can always enjoy industry-leading technology and services without incurring the costs of independent R&D and upgrades.

Fourth, it implements scenario-based customized O&M operations. For personalized services catering to customers in various scenarios such as smart spaces, smart office, smart business, and digital identity authentication, a professional cloud operation service team is formed. This team provides services such as 24/7 online response, customized O&M solutions, and on-site technical support coordination, achieving scenario-based, precise, and efficient O&M services.

In building its diversified subscription service system, the Company adheres to the principles of "customer-centricity, on-demand subscription, and flexible expansion", creating a full-category subscription product matrix that covers basic cloud services, value-added cloud services, and industry-specific customized cloud services. This approach meets the differentiated cloud service needs of customers of various sizes and industries, achieving long-term value binding with customers through the subscription model.

The Company continuously strengthens the technical barriers and ecological advantages of its cloud services, taking the ZKTeco Cloud IoT Platform Minerva IoT as its core. This platform enables interconnection with the Company's full range of intelligent hardware and industry software platforms, achieving deep synergy and data sharing between cloud services, hardware, and software. Through methods such as "Cloud-to-Cloud Direct Connection", "Cloud API Openness", and "Application Availability", the Company collaborates with ecological partners like WeCom and Lark to build an open and win-win cloud service ecosystem, enriching subscription service content and application scenarios. Relying on the Company's global marketing and service network, it achieves localized implementation and operation of cloud services, providing undifferentiated high-quality cloud subscription services to global customers, further expanding the coverage and customer base of subscription services.

3. Business plan of the Company for 2026

In 2026, ZKTeco will closely adhere to the core goal of "cost reduction and efficiency enhancement", uphold the strategic guidance of its "Change-Maker" culture, and promote the deep integration of AI technology, cloud services, brain-computer interfaces, and AIoT. Relying on existing technological and ecological advantages, the Company aims to achieve business breakthroughs and high-quality sustainable growth, continuously advancing towards becoming a global leading intelligent space evolution service provider.

(1) Leading by strategies to anchor core goals

Taking "cost reduction and efficiency enhancement" as the core leverage, the "Change-Maker" strategy will be integrated throughout the entire operation process. By synergistically exerting efforts through strategic traction, business focus, and organizational adaptation, the Company aims to build differentiated competitive advantages. Simultaneously, it will advance the overseas issuance of H-shares for listing, expanding financing channels and providing financial support for strategic implementation.

(2) Deeply cultivating global business and innovating business models

The Company will coordinate both domestic and international markets, synergistically promoting business development. The domestic market will focus on upgrading the channel ecosystem, implementing innovative business models, meticulously cultivating core businesses, making key breakthroughs in the BCI field, and optimizing organizational efficiency. Cloudify international market promotion channels, strengthen efforts in the SI market, strategically deploy cloud monitoring services, and upgrade the Token subscription model, thereby achieving the transformation from "selling products" to "selling services".

(3) Strengthening talent support to energize organizational vitality

Guided by the "Change-Maker: culture, strengthen positive incentives, and stimulate the innovative drive of organizations and employees. Complete the upgrade of HR System 2.0, implement various human resource initiatives, attract core talent, solidify the organizational foundation, and facilitate the realization of "cost reduction and efficiency enhancement" objectives.

(4) Focusing on technological innovation to build core competitive advantages

Adhere to the strategy of "AI cognitive drive, technology platformization, scenario-based products, and subscription-based

services", solidify core technological advantages, and promote the upgrade of the technology system towards "cognitive intelligence and intentional intelligence". Focus on tackling BCI technology, expand into the smart living sector, accelerate the implementation of AI-native applications, and improve the technology and product ecosystem.

(5) Upgrading the manufacturing system to strengthen supply chain resilience

Promote the establishment of global production capacity, advance the construction of US factories, and accelerate the release of production capacity at the Thai factory. Advance smart manufacturing and the digitalization of the entire production process, strengthen quality control, improve production efficiency and product quality, and enhance the core competitiveness of the global supply chain.

(6) Deepening informatization to empower global operations

Expand the global coverage of systems such as SAP, SRM, and MES, optimize system functions, promote the intelligent upgrade of financial management, achieve efficient synergy in operational management, and support the realization of globalization strategy and "cost reduction and efficiency enhancement" goals.

(II) Risks Faced by the Company and Countermeasures

1. Operational risk

(1) Market competition risk

After years of deep cultivation in the biometric industry, the Company has formed competitive advantages in the fields of smart space, smart office, digital identity authentication, smart business, and computer vision applications, including technological and R&D strength, flexible production capacity, brand influence, and marketing service network. However, in recent years, the relevant business sectors of the Company have shown an increasing number of market entities, increased industry concentration, and increasingly fierce market competition. With a large number of domestic competitors turning to "going global", the competitive situation in overseas markets has further intensified. The Company's businesses are facing competition pressure from various aspects such as price, service and brand. Other competitors may compete for market share through different market positioning, strategies or cost controls, making the competition more intense. In order to maintain the Company's leading position in the industry, the Company has continuously increased its R&D investment in recent years, insisting on developing and optimizing single and multimodal BioCV technology, and continuously expanding and enriching the types of BioCV products and services. With the development of AI, the Company pays more attention to the application of AI technology in business and its integration into products, and focuses on the overall linkage design of product software and hardware, strengthening competitiveness of multiple categories, thus consolidating the Company's leading position in the industry. However, with the increasing market competition, if the Company cannot continuously optimize product design, improve production quality, enhance brand competitiveness, expand and consolidate sales network, and Improve market penetration, the Company's existing industry and market position will be affected, and the Company will face the risk of declining market share and profitability.

(2) Overseas business operational risks

In 2025, the Company's overseas sales revenue from countries and regions was RMB 1.607625 billion, accounting for 75.71% of the Company's main business income. The Company's overseas business income accounted for a relatively large proportion.

In recent years, the international market has been facing changes in trade policies of major economies, the rise of international trade protectionism, the deterioration of local economic environments, and stagnation of maritime transport caused by geopolitical conflicts, rising freight rates, and the fluctuations in the US tariff policy. As a result, global trade policies have shown a strong degree of uncertainty. The Company's international sales business may face international trade friction, especially the risk of Trade disputes between China and the United States. If trade disputes between China and the United States worsen in the future, it may have a certain adverse impact on the Company's product sales, which in turn will affect the Company's future business performance. In addition, the Company's international business accounts for a relatively large proportion of exports to developing countries such as India, Mexico, and Indonesia. Although the overall political, financial, and economic systems of relevant countries are currently relatively stable, the economic development momentum is good, their infrastructure is relatively weak, and government efficiency is relatively inefficient, compared to developed countries, which poses potential social instability factors. If major changes occur in its political environment,

economic environment, geopolitics, trade policies with China, tariff and non-tariff barriers, and industry standards in the future, it will have a negative impact on the Company's export business.

In addition to the risks of economic and political environment changes, trade frictions, and tariffs that the Company may face, the multinational enterprise business model of the Company will increase the difficulty of operating, financial management, and personnel management, and the operation will be influenced by the legal and regulatory environments and business environments of different countries and systems. Although the Company has accumulated rich experience in international business development, if the Company's management personnel and various systems cannot meet the requirements of global operation, cross regional management, and standardized operation, it will also affect its operational efficiency and profitability.

(3) Tax compliance risks caused by transfer pricing arrangements between various tax entities within the Company both domestically and internationally

As of December 31, 2025, the Company has a total of 62 overseas controlling subsidiaries located in countries and regions such as Hong Kong, Thailand, the United States, Mexico, and India. During the reporting period, there were cases where the Company sold products to overseas subsidiaries and sold them locally through these subsidiaries due to business needs between the Company and some overseas subsidiaries. There was a situation of transfer pricing in the above-mentioned transaction links. According to the Company's self inspection, there were no cases of the Company or its overseas subsidiaries being punished by the tax department due to transfer pricing issues during the reporting period. From the perspective of its own compliance, the Company regularly hires professional consulting agencies to analyze and demonstrate the transfer pricing strategies involved in the operation of the Company and some overseas subsidiaries, and issues special reports.

If there are major changes in the tax policies of the Company in different tax jurisdictions in the future, or if the Company fails to be correctly or timely informed of the changes in tax policies, or if there are cases of tax recovery and fines due to the re-approval of transaction prices by the competent tax authorities, it may lead to adverse effects on the Company's operations.

(4) Legal risks of the impact of industry regulatory policies related to personal information protection and data protection on company operations

Laws, regulations, and industry norms such as the "Civil Code of the People's Republic of China", the "Cybersecurity Law of the People's Republic of China", the "Data Security Law of the People's Republic of China", the "Personal Information Protection Law of the People's Republic of China", the "Measures for the Security Management of the Application of Facial Recognition Technology", and the "General Data Protection Regulation" all stipulate the collection and use of personal information by citizens, as well as the compliance obligations of personal information controllers, and emphasizes the legal liability for violating personal information protection and data security has been strengthened. The "Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Civil Cases Relating to Processing of Personal Information by Using the Facial Recognition Technology" (FS [2021] No. 15) provides detailed provisions on the behavior and civil liability of information processors who violate the personal rights and interests of natural persons by processing facial information in violation of regulations.

In recent years, personal information protection and data security have become regulatory priorities in various countries around the world, and regulatory policies related to them have been increasingly strengthened. Although the Company invited a professional compliance lawyer team in 2024 to thoroughly review and improve personal information protection and data security, and has maintained long-term cooperation with professional data compliance law firms, if it fails to make timely and effective adjustments and responses to relevant policies and regulations in its future business operations, there may be potential legal risks in data compliance. Meanwhile, if the Company is unable to strictly comply with the relevant laws, regulations, and industry norms mentioned above in the future, and if employees violate the Company's internal regulations, or data collaborators, customers, etc. violate agreements or cause improper use or leakage of data due to other personal reasons, it/they may be subject to administrative penalties from relevant departments or complaints from users, and even lead to disputes such as litigation or arbitration, which may have adverse effects on the Company's reputation and business.

2. Technology and product innovation risks

Driven by market demand and technological development, biometric technology has achieved rapid development globally. Biometric technology is gradually iterating towards non-contact and multimodal BioCV. In addition, with the development of cutting-edge technologies such as cloud computing, the IoT, and AI, users' personalized needs for smart terminal products and even ecological platforms are constantly increasing in the fields of multimodal BioCV technology applications such as smart space, smart office, digital identity authentication, and smart business where the Company is located. Industry technology is updated and iterated quickly, requiring industry enterprises to have strong technological innovation capabilities to adapt to the rapid development of the industry. The continuous innovation ability of products and technologies is increasingly becoming an important component of the core competitiveness of related product and solution suppliers. The Company always attaches great importance to technological innovation and new product R&D. In 2025, the Company's R&D expenses were RMB 184.6081 million, accounting for 8.66% of operating revenue.

As of December 31, 2025, the Company and its consolidated subsidiaries collectively hold 1,193 patents, including 220 invention patents. Obtained 829 computer software copyrights and 87 work copyrights, with strong ability for continuous innovation. However, if the Company cannot keep up with the development trends of domestic and foreign multimodal BioCV technology and related application products, and fully pay attention to the diverse individual needs of customers, and the subsequent R&D investment is insufficient, resulting in the Company's technology development and product upgrading not being able to adapt to industry technology iterations and market demand changes in a timely manner, it will face the risk of declining market competitiveness due to the inability to maintain sustained innovation capabilities.

3. Internal control risk

(1) Management risks caused by future expansion of the Company's scale

With the construction of the Company's global marketing network, R&D Center, and manufacturing factories, the Company's scale will also constantly expand, and the number of global sales, R&D, and management personnel will increase significantly, posing higher requirements for the Company's management level and system. Although the Company has established a series of relatively complete enterprise management systems, such as clear institutional processes in procurement, production, sales, R&D, and service, to ensure the competitiveness and reliability of the Company's products and services, if the Company's management ability cannot be further effectively improved, it may trigger corresponding management risks, hinder the Company's future development, and have a negative impact on the overall profitability of the Company.

(2) Dealer management risk

During the reporting period, the Company mainly adopted a sales model that combines distribution and direct sales, and the proportion of distribution was relatively high. In 2025, the Company achieved a revenue of RMB 1.4364079 billion through the distribution model, accounting for 67.64% of the Company's main business income in 2025.

Except for business cooperation, each dealer is independent of the Company, and its business plan is determined independently based on its own business goals and risk preferences. Although the Company has established strict dealer management systems and effective and reasonable rebate policies, and maintains good cooperative relationships with major dealers, the coverage area of marketing and service networks will continue to expand in the future with the development of the Company, and the difficulty of training, organizing, and risk management for dealers will also continue to increase. If the Company is unable to improve its management capabilities for dealers in a timely manner, and if dealers engage in disorderly management, poor management, illegal or irregular behavior, or if the Company cannot maintain good relationships with dealers in the future, resulting in dealers ceasing to cooperate with the Company, and the Company is unable to quickly obtain orders from other channels in the short term, or the incentive effect of the rebate policy decreases, it may lead to a regional decline in the sales of the Company's products, and have a negative impact on the Company's market promotion.

4. Financial risk

(1) Risk of bad debt losses on accounts receivable

At the end of the reporting period, the book balance of the Company's accounts receivable was RMB 753.1891 million, accounting for 35.31% of the current operating revenue. With the further expansion of the Company's business scale, the amount of accounts receivable may continue to increase. If there are changes in the economic environment, customer operating conditions, etc., and accounts receivable cannot be recovered in a timely manner, resulting in bad debt losses, the Company's operating results may be adversely affected.

(2) Inventory depreciation risk

With the growth of the Company's business scale, the inventory scale has been increasing year by year. At the end of the reporting period, the book value of the Company's inventory was RMB 468.8371 million, accounting for 13.93% of the total current assets at the end of the period. During the reporting period, the Company comprehensively considered factors such as expected selling price and inventory age, and made sufficient provision for inventory impairment. At the end of the reporting period, the provision ratio for inventory impairment was 6.16%. The Company's inventory mainly consists of raw materials, inventory goods, etc. The Company has always maintained a good cooperative relationship with raw material suppliers and customers, and reasonably arranged the inventory of raw materials and inventory goods. However, with the further growth of the Company's sales revenue and asset size, the Company's inventory also increases accordingly, which may lead to a decline in price, backlog, and unsold inventory due to market changes, resulting in the risk of deteriorating financial position and declining profitability.

(3) Risk of RMB exchange rate fluctuations

The Company's current business layout is highly internationalized, and there are many local controlling subsidiaries and participating companies in the overseas export market. The majority of export sales are settled in USD or EUR, resulting in significant exchange rate fluctuations in production and operation. On the one hand, the fluctuations of the RMB exchange rate will directly affect the gross profit margin of the Company's export products after conversion to RMB, thereby affecting the profit of the Company's products; on the other hand, fluctuations of the RMB exchange rate may also affect changes in the Company's RMB revenue. If the RMB further appreciates in the future, it will have a significant adverse impact on the Company's operating performance.

5. Risks related to raising funds to invest in projects

(1) The risk of raising funds to invest in projects that do not yield expected returns

The investment projects with raised funds are a prudent decision and planning made by the Company based on a thorough analysis of the current market situation, development speed, industrial environment, and future development trends of the industry, as well as the Company's existing technological level, management ability, and expected future customer needs combined with development prospects of the biometric industry and related application fields, as well as the expected changes in the international trade environment. However, if there are significant changes in the future market demand, industry structure, industrial policies or the economic and political situation, it may prevent the smooth implementation of investment projects with raised funds as planned or prevent them from achieving expected returns.

(2) The risks of cross-border implementation of investment projects

The American Manufacturing Factory Construction Project and Global Marketing Service Network Construction Project among these investment projects with raised funds all involve overseas investment. Although the Company has accumulated rich experience in cross-border operations and management in overseas markets, including the United States, through various overseas subsidiaries, the construction progress of the Company's American Manufacturing Factory Construction Project and Global Marketing Service Network Construction Project may be affected by multiple factors considering the international market situation and the complex diversity of policies and cultures in various countries. Operations in various countries also face certain uncertainties. In addition, during the implementation process of the overseas investment projects, there may be a risk of delaying the implementation of the investment projects due to the need to increase or re-fulfill the filing or approval procedures due to subsequent needs, policy changes, and other reasons. The Company reminds investors to pay attention to the risks of cross-border investment projects.

6. Risks of BCI innovation business

The Company's BCI innovation business relies on EEG and fNIRS non-invasive brain electrical perception technologies for its R&D layout. It is currently in the stages of technology R&D, prototype verification, and market cultivation, and has not yet generated large-scale commercial revenue. This field is characterized by rapid technological iteration and high interdisciplinary thresholds, posing risks such as neural signal decoding accuracy, individual adaptability, and long-term stability in technology R&D falling short of expectations; at the same time, it faces uncertainties such as ununified industry standards, strict ethical review, continuously improving regulatory policies, and slow implementation of market application scenarios. The business requires continuous high R&D investment, which will put certain pressure on the Company's profitability in the short term; furthermore, factors such as intensified global market competition, technological route iteration, cross-border data compliance, and intellectual property protection may all lead to business progress falling short of expectations and uncertainty in investment returns.

XII. Reception of Activities including Research, Communication and Interviews During the Reporting Period

Applicable Not applicable

Reception time	Reception location	Reception methods	Reception object type	Reception object	The main content of the discussion and the materials provided	Index of basic information of research
February 27, 2025	Xiamen ZKTeco Co., Ltd. Meeting Room	Field research	Institution	CHINA EVERWIN, Guoxin Investment, First State Cinda, Ping An Asset, Caitong Fund, CSC, Multiply Capital	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: February 27, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-01)
April 30, 2025	Value Online (https://www.ir-online.cn/) Network Interaction	Online Communication on Online Platforms	Others	Investors participating in the Company's 2024 annual performance briefing online	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: April 30, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-02)
May 6, 2025	ZKTeco Cloud Brain-Computer (Hangzhou) Technology Co., Ltd. Meeting Room	Field research	Institution	Taikang Asset Management (Hong Kong) Company Limited, 3W Fund, FRANKLIN TEMPLETON, China Alpha Fund Management (HK) Limited, HSZ (Hong Kong) Limited, Orient Securities Asset Management Company Limited, Shanghai Hesheng Investment Management Co., Ltd., CSC Research Institute, China Capital Management Co., Ltd., China Post Securities Co., Ltd., Beijing Yuanfeng Private Equity Fund Management Partnership (Limited Partnership), Huaxia Bank Research Institute, China Development Bank Securities Co., Ltd., Tianhong Asset Management Co., Ltd., Taiping Pension Co., Ltd., Invesco Great Wall Fund Management	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: May 6, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-03)

				Co., Ltd., Western Leadbank Fund Management Co., Ltd., Lion Fund Management Co, Ltd., Yinhua Fund Management Co., Ltd., Penghua Fund Management Co., Ltd., Ziheng (Shanghai) Commercial Management Co., Ltd, CCB Wealth Management, Hongchou Capital, BNB WEALTH MANAGEMENT, Harmony Huiyi, Shanghai Entropy Ying Private Equity Fund Management Co., Ltd., and China Great Wall Securities Co., Ltd.		
May 16, 2025	Online Meeting	Telephone Communication	Institution	Sinolink Securities, China Asset, Wanjia Asset, AVIC Fund Management Co., Ltd., Shanghai Yongle Private Equity Fund Management Co., Ltd.	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: May 16, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-04)
June 17, 2025	ZKTeco Meeting Room	Field research	Institution	Guotai Haitong Securities, Zeta Capital, DM Capital	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: June 17, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-05)
June 23-25, 2025	ZKTeco Meeting Room and Online Meetings	Telephone Communication	Institution	Guotai Haitong Securities, Tebon Fund, Fullgoal Fund, Penghua Fund, GALAXY ASSET, BOCOM Schroders, BOSCA ASSET, Changjiang Pension, CINDA FUND	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: June 25, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-06)
August 27, 2025	Value Online (https://www.ir-online.cn/) Network Interaction	Online Communication on Online Platforms	Others	Investors participating in the Company's 2025 semi-annual performance briefing online	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: August 27, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-07)

August 28, 2025	Comein Finance platform	Telephone Communication	Institutions, Individuals	TF Securities Co., Ltd., New China Fund Management Co., Ltd., Shanghai Zhaowan Asset Management Co., Ltd., Harvest Fund Management Co., Ltd., Jinku Qikai (Hangzhou) Investment Management Co., Ltd. Shanghai Branch, All Win Investment Co., Hexie Health Insurance Co., Ltd., Bearing No (Shanghai) Investment Management Center (L.P.), Shenzhen Junzi Qianqian Private Equity Investment Fund Management Co., Ltd., Xunyuan Asset Management (Shanghai) Co., Ltd., CITIC Securities Co., Ltd., Western Leadbank Fund Management Co., Ltd., Shanghai Tourmaline Asset Management Co., Ltd., Capital ITC, BOC International (China) Co., Ltd., and other individual investors Liu Wenshu and Ye Guangliang	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: August 28, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-08)
September 9, 2025	ZKTeco Meeting Room and Online Meetings	Telephone Communication	Institution	Guotai Haitong Securities Co., Ltd., Golden Eagle Asset Management Co., Ltd., Shanghai Guotai Junan Securities Asset Management Co., Ltd., Life Insurance Asset Management Co., Ltd., and Taiping Pension Co., Ltd.	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: September 9, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-09)
September 19, 2025	Investor Relations Interactive Platform	Online Communication on Online Platforms	Others	Investors participating in online Q&A	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: September 19, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-10)
November 17, 2025	ZKTeco Meeting Room and Online Meetings	Telephone Communication	Institution	China Post Securities, CCB Principal Asset Management, Cigna & CMB Life, and Xitai Investment	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: November 17, 2025, Investor Relations

						Activity Record Form of ZKTECO CO., LTD. (No. 2025-11)
December 31, 2025	ZKTeco Meeting Room	Field research	Institutions, Individuals	TF Securities, CINDA FUND, Baoying Fund, Rongtong Fund, and individual investor Zhan Guoqiang	See CNINFO (http://www.cninfo.com.cn)	CNINFO http://www.cninfo.com.cn , Announcement date: December 31, 2025, Investor Relations Activity Record Form of ZKTECO CO., LTD. (No. 2025-12)

XIII. Formulation and Implementation of the Market Value Management System and the Plan for Enhancing Valuation

Has the Company established a market value management system?

Yes No

Has the Company disclosed its plan for enhancing valuation?

Yes No

XIV. Implementation of the Action Plan for "Double Improvement of Quality and Return"

Has the Company disclosed an action plan announcement for "dual improvement of quality and return".

Yes No

Section IV Corporate Governance, Environment and Society

I. Basic Situation of Corporate Governance

During the reporting period, the Company continuously improved its corporate governance structure based on the specific situation of the Company, established and improved the internal management and control system of the Company, continuously carried out in-depth corporate governance activities, and promoted standardized operation of the Company in strict accordance with the requirements of laws, regulations, and normative documents such as the "Company Law", "Securities Law", "Code of Corporate Governance for Listed Companies", "Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange", "Shenzhen Stock Exchange Guideline No. 2 on Self Regulation of Listed Companies - Normative Operation of Listed Companies on the Growth Enterprise Board". The Company has established a corporate governance structure composed of the Board of Shareholders, Board of Directors, and management, established and improved the rules of procedure for Board of Shareholders, Board of Directors, and independent director work system, and established an Audit Committee, Strategy and Development Committee, Salary and Assessment Committee, and Nomination Committee under the Board of Directors.

During the reporting period, the Company, in accordance with the requirements of the latest laws and regulations and in consideration of its actual situation, improved its governance structure and institutional system, abolished supervisors and the Board of Supervisors, and formulated the "Management System for the Departure of Directors and Senior Managers of ZKTECO CO., LTD." Simultaneously, it revised relevant regulatory governance systems, including the "Rules of Procedure for Shareholders' Meeting of ZKTECO CO., LTD.", the "Rules of Procedure of the Board of Directors of ZKTECO CO., LTD.", the "Independent Director System of ZKTECO CO., LTD.", the "Related Party Transaction Management System of ZKTECO CO., LTD.", the "Fundraising Management System of ZKTECO CO., LTD.", the "External Guarantee Management System of ZKTECO CO., LTD." the "Implementation Rules of the Audit Committee of the Board of Directors of ZKTECO CO., LTD.", the "Implementation Rules of the Nomination Committee of the Board of Directors of ZKTECO CO., LTD.", the "Implementation Rules of the Salary and Assessment Committee of the Board of Directors of ZKTECO CO., LTD.", the "Information Disclosure Management System of ZKTECO CO., LTD.", and the "Standardized Management System for Related Party Fund Transactions of ZKTECO CO., LTD."

1. About shareholders and shareholders' meeting

The Company standardizes the convening of the shareholders' meeting in strict accordance with the requirements of the "Rules for the Shareholders' Meetings of Listed Companies", "Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange", "Articles of Association", "Rules of Procedure of the Shareholders' Meeting" and other regulations, treats all shareholders equally, and creates convenient conditions for shareholders to participate in the shareholders' meeting as much as possible, enabling them to fully exercise their shareholder rights and protect the interests of all shareholders. Meanwhile, the Company hires professional lawyers to witness the shareholders' meeting, ensuring that the convening and voting procedures of the meeting comply with relevant laws and regulations, and safeguarding the legitimate rights and interests of shareholders.

During the reporting period, the Company held one shareholders' meeting and two extraordinary shareholders' meetings, all of which were held through a combination of on-site and online voting. The Company hired lawyers to attend and witness the shareholders' meetings, and provides legal opinions on the convening and voting procedures of the shareholders' meetings, fully respecting and safeguarding the legitimate rights and interests of all shareholders.

2. The Company and the controlling shareholders

The Company has independent and complete business and independent management capabilities, which are separated from the controlling shareholders in terms of personnel, assets, finance, institutions, business, and other aspects. Each of them independently calculates and assumes responsibilities and risks. During the reporting period, major decisions of the Company were made by the board of shareholders and the Board of Directors in accordance with the law. The controlling shareholders exercised their shareholder rights through the board of shareholders, and there were no direct or indirect interventions beyond the shareholders' meeting in the Company's

decision-making and operating activities. There were no violations of commitments, and there were no situations such as occupying company funds or requiring guarantees for them or others.

3. Directors and the Board of Directors

The Company's Board of Directors has 7 directors, including 3 independent directors. The number of directors and personnel composition meet the requirements of laws, regulations, and the Company's Articles of Association. All directors fulfill their duties with integrity, diligence, and conscientiousness, attend meetings on time, actively participate in training, and continuously improve their performance level. The Board of Directors of the Company has four specialized committees: the Audit Committee, the Strategy and Development Committee, the Salary and Assessment Committee, and the Nomination Committee. Each specialized committee strictly performs its duties in accordance with relevant laws and regulations, the Company's "Articles of Association", and the rules of procedure of each specialized committee of the Board of Directors, and operates well.

During the reporting period, the Company held 10 board meetings. The procedures for convening, holding, and voting at the meetings strictly complied with relevant laws, regulations, and provisions. The Board of Directors makes decisions on relevant matters, which played a positive role in improving the Company's governance structure and standardizing operations, and safeguarding the interests of public shareholders.

4. Performance appraisal and incentive and restraint mechanisms

The Company has gradually established and improved an enterprise performance evaluation and incentive system, and the appointment of senior managers is open and transparent, in accordance with laws and regulations. During the reporting period, the senior managers of the Company have conscientiously fulfilled their work responsibilities, as indicated by assessment.

5. Improve the quality of information disclosure and effectively protect the rights and interests of investors

The Company truthfully, accurately, timely, fairly, and completely discloses relevant information in strict accordance with relevant laws and regulations, as well as the requirements of the "Articles of Association" and the "Information Disclosure Management System". The Board Secretary of the Company is designated to be responsible for information disclosure and investor relationship management, strengthen communication with investors through channels such as investor hotlines, faxes, dedicated email, exchange Easy to Interact platforms, and receiving shareholder visits, strictly implement the requirements for insider information management, ensure that all shareholders and investors of the Company can obtain information fairly, and continuously improve the transparency of the Company.

6. Regarding stakeholders

The Company fully respects and safeguards the legitimate rights and interests of stakeholders, achieves coordination and balance of interests among shareholders, employees, society, and other parties, and jointly promotes the sustained and sound development of the Company.

Are there significant differences between the actual situation of corporate governance and laws, administrative regulations, and the regulations on listed company governance issued by the CSRC

Yes No

There are no significant differences between the actual situation of corporate governance and laws, administrative regulations, and the regulations on listed company governance issued by the CSRC.

II. Company's Independence in Assets, Personnel, Finance, Organizations and Businesses from Controlling Shareholders and Actual Controller

The Company operates in strict accordance with relevant laws, regulations, and the requirements of the "Company Law", "Securities Law", and the "Articles of Association". It is independent of the controlling shareholders and actual controllers of the Company in terms of assets, personnel, finance, institutions, and business, and has a complete asset and business system and the ability to operate independently in the market.

1. Asset Completeness

The ownership of the necessary assets for the Company's current business and production operations is fully enjoyed by the Company independently, with complete control and domination over all assets, and there is no situation of sharing with shareholder units. The Company has an independent R&D, procurement, production, and sales system, as well as a business system and main assets related to operations.

2. Personnel independence

The Company shall appoint directors in accordance with the relevant provisions of the "Company Law" and the "Articles of Association". The Board of Directors shall appoint senior managers, and the labor, personnel, and salary management of the Company shall be completely independent of the shareholder entities. The General Manager, Deputy General Manager, CFO, and Board Secretary and other senior managers of the Company have not held any positions other than directors or supervisors in other enterprises controlled by the controlling shareholder or actual controller, and have not received salaries in other enterprises controlled by the controlling shareholder or actual controller. The financial personnel of the Company do not work part-time in other enterprises controlled by the controlling shareholder or actual controller.

3. Financial independence

The Company has established an independent financial accounting system, capable of making financial decisions independently, with standardized financial accounting systems and financial management systems for branches and subsidiaries. The Company has not shared bank accounts with controlling shareholders, actual controllers, and other enterprises under its control.

4. Independence in organizations

The Company has established and improved its internal business management structure, independently exercising its business management powers, and there is no institutional confusion with other enterprises controlled by controlling shareholders or actual controllers.

5. Business independence

The Company uses multimodal "Computer Vision and Biometrics" (BioCV) as its core technology and does not rely on shareholder entities or their affiliated enterprises. There is no situation where shareholders intervene in the Company's business operations by retaining procurement and sales institutions, monopolizing business channels, etc. There is no horizontal competition or significantly unfair related party transactions between the Company and other enterprises controlled by the controlling shareholder or actual controller, and the controlling shareholder or actual controller has promised not to engage in any business or activity that constitutes or may constitute horizontal competition with ZKTeco and enterprises controlled by ZKTeco.

III. Horizontal Competition

Applicable Not applicable

IV. Arrangement for Differences in Voting Rights of the Company

Applicable Not applicable

V. Governance of Red Chip Structured Companies

Applicable Not applicable

VI. Directors and Senior Managers

1. Basic information

Name	Sex	Age	Position	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the period (shares)	Shares increased during the period (shares)	Shares decreased during the period (shares)	Other changes in increase or decrease (shares)	Shares held at the end of the period (shares)	Reasons for changes in share increase or decrease
Che Quanhong	Male	57	Chairman	Incumbent	December 14, 2007	March 25, 2029	34,022,300			6,804,460	40,826,760	The Company implements its 2024 annual profit distribution.
Jin Hairong	Male	44	Director	Incumbent	April 11, 2020	March 25, 2029	15,600			3,120	18,720	The Company implements its 2024 annual profit distribution.
			Managing Director	Incumbent	January 31, 2019	March 25, 2029						
Ma Wentao	Male	43	Director	Resigned	June 28, 2016	March 26, 2026						
			Deputy General Manager	Resigned	June 28, 2016	March 26, 2026						
Fu Zhiqian	Male	42	Director	Incumbent	June 28, 2016	March 25, 2029	14,300			2,860	17,160	The Company implements its 2024 annual profit distribution.

Gao Benhe	Male	47	Director	Incumbent	March 26, 2026	March 25, 2029						
Dong Xiuqin	Female	54	Independent director	Resigned	June 3, 2020	March 26, 2026						
Zhuo Shuyan	Female	45	Independent director	Resigned	April 11, 2020	March 26, 2026						
Pang Chunlin	Male	55	Independent director	Resigned	January 12, 2021	March 26, 2026						
Liang Long	Male	50	Independent director	Incumbent	March 26, 2026	March 25, 2029						
Wang Yihua	Female	54	Independent director	Incumbent	March 26, 2026	March 25, 2029						
Jin Zhenchao	Male	46	Independent director	Incumbent	March 26, 2026	March 25, 2029						
Li Zhinong	Male	53	Deputy General Manager	Incumbent	June 28, 2016	March 25, 2029						
Guo Yanbo	Female	45	Board Secretary	Incumbent	April 15, 2020	March 25, 2029						
			Deputy General Manager	Incumbent	September 16, 2022	March 25, 2029						
Wang Youwu	Male	60	CFO	Incumbent	April 15, 2020	March 25, 2029						
Mu Wenting	Female	39	Deputy General Manager	Incumbent	September 16, 2022	March 25, 2029	23,400			4,680	28,080	The Company implements its 2024 annual profit distribution.
Total	--	--	--	--	--	--	34,075,600	0	0	6,815,120	40,890,720	--

Any resignation of directors and senior managers during their term of office during the reporting period

Yes No

Changes of directors and senior managers of the Company

Applicable Not applicable

Name	Positions	Type	Date	Reasons
Ma Wentao	Director	Resignation upon expiration of term	March 26, 2026	General election
Ma Wentao	Deputy General Manager	Resignation upon expiration of term	March 26, 2026	General election
Dong Xiuqin	Independent director	Resignation upon expiration of term	March 26, 2026	General election
Zhuo Shuyan	Independent director	Resignation upon expiration of term	March 26, 2026	General election
Pang Chunlin	Independent director	Resignation upon expiration of term	March 26, 2026	General election
Gao Benhe	Director	Elected	March 26, 2026	General election
Liang Long	Independent director	Elected	March 26, 2026	General election
Wang Yihua	Independent director	Elected	March 26, 2026	General election
Jin Zhenchao	Independent director	Elected	March 26, 2026	General election

2. Positions and Incumbency

The professional background, main work experience, and current responsibilities of the Company's current directors and senior managers

(1) Directors

Mr. Che Quanhong, born in August 1968, Chinese nationality, without permanent residency abroad, holds a bachelor's degree. He graduated from Lanzhou University with a major in Semiconductor Physics in July 1991 and currently serves as the Chairman of the Company. Mr. Che Quanhong served as the Chairman and General Manager of the Company from December 2007 to January 2019, and has been serving as the Chairman of the Company since January 2019.

Mr. Jin Hairong, born in July 1981, Chinese nationality, without permanent residency abroad, holds a bachelor's degree, and currently serves as the Legal Representative, Director, and General Manager of the Company. Mr. Jin Hairong served as the Sales Manager and General Manager Assistant of the Company from February 2008 to February 2014. From February 2014 to January 2019, he served as the General Manager of the Card Business Unit of the Global Marketing Center of the Company. From February 2019 to March 2020, he served as the General Manager and Legal Representative of the Company. From April 2020 to present, he has served as a Director, General Manager, and Legal Representative of the Company.

Mr. Gao Benhe, born in September 1978, Chinese nationality, without permanent residency abroad, holds an associate's degree. From April 2006 to March 2014, Mr. Gao Benhe served as the head of the Company's Latin America Business Unit. From April 2014 to present, he has served as the head of the Middle East Business Unit and the head of the Company's Dubai subsidiary. From March 2026 to present, Mr. Gao Benhe has served as a director of the Company.

Mr. Fu Zhiqian, born in February 1984, Chinese nationality, without permanent residency abroad, holds a bachelor's degree and currently serves as a Director of the Company. Mr. Fu Zhiqian served as the Marketing Manager of the Global Marketing Center, President Assistant, General Manager of the Security Division of the Global Marketing Center in China, and Head of the Global Marketing Center in China from January 2008 to December 2024. Since January 2025, he has served as the General Manager of the Global Market and Product Sharing Center of the Company. Since June 2016, he has been a Director of the Company.

Mr. Liang Long, born in March 1976, Chinese nationality, without permanent residency abroad, majored in Electrical Engineering at Xi'an Jiaotong University. Mr. Liang Long has nearly twenty years of experience in the semiconductor-related industry. He

previously held positions such as engineer, marketing manager, and Senior Sales Director at Motorola, Freescale, Xilinx, Tiler, Lantiq, Intel, and Marvell. He currently serves as a director of Wuxi Will Semiconductor Co., Ltd. and Shandong Qiantu Intelligent Driving Technology Co., Ltd., Chairman of Gettop (Zhejiang) Acoustic Co., Ltd. and Gettop Acoustic Co., Ltd., and manager of Gettop (Shenzhen) Acoustic Co., Ltd. Mr. Liang Long has served as an independent director of the Company from March 2026 to present.

Ms. Wang Yihua, born in January 1972, Chinese nationality, without permanent residency abroad, has a Doctor of Management degree. From July 1998 to present, she has served as an associate professor at Shenzhen University. She previously served as an independent director for Tubatu Group Co., Ltd., Silkroad Visual Technology Co., Ltd., Anfu CE Link Limited, and Shenzhen Xinhao Photoelectricity Technology Co., Ltd. From December 2020 to present, she has served as an independent director of Shenzhen Kiwi Instruments Co., Ltd. From May 2025 to present, she has served as an independent director for Guangdong Huayan Robotics Co., Ltd. Ms. Wang Yihua has served as an independent director of the Company from March 2026 to present.

Mr. Jin Zhenchao, born in May 1979, Chinese nationality, without permanent residency abroad, has a postgraduate degree. From June 2002 to June 2004, he worked at Hubei Shuailun Paper Industry Co., Ltd., serving as legal counsel. From September 2004 to June 2007, he studied at Peking University Law School, pursuing a Master of Laws (LL.M.) degree; from June 2007 to June 2009, he worked at Shenzhen SME Credit Financing Guarantee Group Co., Ltd. as Legal Manager; from July 2009 to present, he has been working at Guangdong Zhuojian Law Firm, serving as Senior Partner and Deputy Director of the Executive Committee. From June 2020 to present, he has served as an independent director of Huilai Rural Commercial Bank. From May 2021 to present, he has served as an independent director of Streamax Technology Co., Ltd. Mr. Jin Zhenchao has served as the Company's independent director from March 2026 to present.

(2) Senior managers

Mr. Jin Hairong is the Director and General Manager of the Company, and his resume can be found in "(1) Appointment of directors" in this section.

Mr. Li Zhinong, born in July 1972, Chinese nationality, without permanent residency abroad, holds a master's degree. From May 2006 to December 2007, Mr. Li Zhinong served as the Technical Director of Shenzhen ZKTeco Biometric Identification Technology Co., Ltd. (formerly known as ZK Software Inc.), the Technical Director of the Company from December 2007 to May 2016, and the Deputy General Manager and Technical Director of the Company from June 2016 to present.

Mr. Wang Youwu, born in December 1965, Chinese nationality, without permanent residency abroad, holds a bachelor's degree. Mr. Wang Youwu served as the Investment Banking Headquarters Manager of Dongxing Securities Co., Ltd. from October 2007 to December 2009. From January 2010 to December 2015, he served as the Executive General Manager of the Enterprise Financing Department of Changjiang Securities Consignment Inward & Sponsoring Broker Co., Ltd. He joined the Company in January 2016 and served as a Director and Deputy General Manager from June 2016 to April 2020. Since April 2020, he has been serving as the Company's CFO and has also served as the Chairman Assistant of the Company since January 2022.

Ms. Guo Yanbo, born in January 1981, Chinese nationality, without permanent residency abroad, holds a bachelor's degree, is Certified Management Accountant (CMA), and currently serves as the Board Secretary, Head of the Investment and Financing Department, and Deputy General Manager of the Company. Ms. Guo Yanbo served as the Head of the Company's Overseas Department, CFO, and the Head of Human Resources Department from December 2007 to December 2015. From January 2016 to October 2017, she served as the Head of Audit Department. From October 2017 to March 2020, she served as the Head of the Audit and Investment and Financing Department. From April 2020 to September 2022, she served as the Board Secretary and the Head of the Investment and Financing Department. From September 2022 to present, she has served as the Deputy General Manager, Board Secretary, and the Head of the Investment and Financing Department. From February 2018 to October 2022, she served as a Supervisor of Xinhuaixin (Xi'an) Information Technology Co., Ltd. (formerly known as "Xi'an Huaxin Smart Digital Technology Co., Ltd.").

Ms. Mu Wenting, born in December 1986, Chinese nationality, without permanent residency abroad, holds a bachelor's degree. From August 2010 to January 2017, Ms. Mu Wenting served as the Sales Representative for the Latin American Business Group of the International Sales Department, Project Management Specialist for the AFIS Project Group of the R&D Business Group, Marketing Specialist and Department Manager for the International Market and Brand Strategy Department, and Manager for the Company's

Brand Strategy Department. From February 2017 to February 2018, she served as the Director of the Chairman's Office and Chairman Assistant. From February 2018 to February 2022, she served as the General Manager of the Management Department of the Manufacturing Center. From February 2022 to September 2022, she served as the Director of the General Manager's Office and Chairman Assistant. From September 2022 to July 2024, she has served as the Deputy General Manager, Director of the General Manager's Office, and Chairman Assistant of the Company. From July 2024 to January 2026, she has served as the Deputy General Manager of the Company, as well as the Head of the Human Resources Center and the IT Information Center. From January 2026 to present, she has served as the Company's Deputy General Manager and Head of the IT Information Center. From November 2025 to present, she has served as Chairman of Shenzhen Longzhiyuan Technology Co., Ltd., a subsidiary of the Company.

Situations where the controlling shareholder and actual controller concurrently serve as Chairman and General Manager of a listed company

Applicable Not applicable

Positions held in shareholder entities

Applicable Not applicable

Positions held in other entities

Applicable Not applicable

Name	Name of other entities	Positions held in other entities	Commencement of term of office	Termination of term of office	Compensation and allowance from the other entities
Che Quanhong	NeuroSky ZKTeco Brainscape Technology (Shenzhen) Co., Ltd.	Director	March 18, 2026		No
Liang Long	Shenzhen Ruiming Pixel Technology Co., Ltd.	Director	September 30, 2022	July 10, 2025	No
Liang Long	Zhejiang Huatu Microchip Technology Co., Ltd.	Director	July 14, 2023	August 14, 2025	No
Liang Long	Wuxi Will Semiconductor Co., Ltd.	Director	December 28, 2021		No
Liang Long	Gettop Acoustic Co., Ltd.	Chairman, Legal Representative	November 18, 2021		No
Liang Long	Shandong Qiantu Intelligent Driving Technology Co., Ltd.	Director, Legal Representative	April 11, 2025		No
Liang Long	Gettop (Zhejiang) Acoustic Co., Ltd.	Chairman, Legal Representative	June 30, 2025		Yes
Liang Long	Gettop (Shenzhen) Acoustic Co., Ltd.	Manager, Legal Representative	November 21, 2025		No
Wang Yihua	School of Economics, Shenzhen University	Teacher	July 1, 1998		Yes
Wang Yihua	Guangdong Huayan Robotics Co., Ltd.	Independent director	May 14, 2025		Yes
Wang Yihua	Shenzhen Kiwi Instruments Co.,	Independent director	December 10, 2020		Yes

	Ltd.				
Wang Yihua	Anfu CE Link Limited	Independent director	November 18, 2019	November 13, 2025	Yes
Jin Zhenchao	Guangdong Zhuojian Law Firm	Senior Partner, Deputy Director of the Executive Committee	July 1, 2009		Yes
Jin Zhenchao	Guangdong Huilai Rural Commercial Bank	Independent director	July 29, 2020		Yes
Jin Zhenchao	Streamax Technology Co., Ltd.	Independent director	May 12, 2021		Yes

Penalties imposed by securities regulatory agencies on current and resignation directors and senior managers of the Company in the past three years during the reporting period

Applicable Not applicable

3. Remuneration of directors and senior managers

Decision making process, determination basis and actual payment situation of remuneration for directors and senior managers

The decision-making procedure for the remuneration of directors and senior managers: In accordance with relevant provisions such as the "Articles of Association", the remuneration of directors of the Company shall be determined by the board of shareholders of the Company after being deliberated and approved by the Board of Directors, and the remuneration of senior managers shall be determined by the Board of Directors of the Company.

The basis for determining the remuneration of directors and senior managers: Independent directors of the Company only receive allowances, with each person receiving RMB 150,000 per year. Mr. Che Quanhong, as the Full-time Chairman of the Company, receives the Chairman's salary, which is based on the salary standards of senior managers. Non-independent directors who hold other positions within the Company shall not receive additional director allowances in addition to their own position salary. Directors and senior managers serving in the Company shall receive compensation in accordance with the Company's relevant salary and performance evaluation management system based on their specific management positions in the Company. Salary is divided into basic salary and a combination of year-end bonus and performance related pay. The basic salary is paid monthly based on fixed salary. The year-end bonus and performance related pay are comprehensively determined based on annual business goals and job performance as appraisal criteria, and are finally assessed and paid based on the overall calculation of the annual benefits achieved and individual work performance completion, according to the appraisal results of the current year.

The actual payment of compensation for directors and senior managers: During the reporting period, the total compensation for directors and senior managers of the Company was RMB 5.9567 million.

Remuneration of directors and senior managers during the reporting period of the Company

Unit: RMB '0,000

Name	Sex	Age	Position	Tenure status	Total pre-tax compensation received from the Company	Whether to obtain remuneration from related parties of the Company
Che Quanhong	Male	57	Chairman	Incumbent	102.94	No
Jin Hairong	Male	44	Director and General Manager	Incumbent	45	No
Ma Wentao	Male	43	Director and Deputy General Manager	Resigned	43.45	No

Fu Zhiqian	Male	42	Director	Incumbent	30	No
Dong Xiuqin	Female	54	Independent director	Resigned	15	No
Zhuo Shuyan	Female	45	Independent director	Resigned	15	No
Pang Chunlin	Male	55	Independent director	Resigned	15	No
Li Zhinong	Male	53	Technical Director and Deputy General Manager	Incumbent	143.08	No
Guo Yanbo	Female	45	Board Secretary and Deputy General Manager	Incumbent	57.46	No
Wang Youwu	Male	60	CFO	Incumbent	84.43	No
Mu Wenting	Female	39	Deputy General Manager	Incumbent	44.31	No
Total	--	--	--	--	595.67	--

Appraisal basis for remuneration actually received by all directors and senior managers at the end of the reporting period	Appraised in accordance with the Company's "Salary and Assessment Management System for Directors and Senior Managers"
Assessment completion for remuneration actually received by all directors and senior managers at the end of the reporting period	Completed
Deferred payment arrangements for remuneration actually received by all directors and senior managers at the end of the reporting period	The Company will establish specific implementation plans for relevant systems regarding deferred payment of remuneration for directors and senior managers in 2026; this is not applicable to the current reporting period.
Clawback of remuneration actually received by all directors and senior managers at the end of the reporting period	The Company will establish specific implementation plans for relevant systems regarding clawback of remuneration for directors and senior managers in 2026; this is not applicable to the current reporting period.

Other explanations

Applicable Not applicable

VII. Performance of Duties by Directors during the Reporting Period

1. Directors' attendance at board meetings and shareholders' meetings

Attendance of directors in board meetings and shareholders' meetings							
Name of director	Board meeting presence required in the reporting period (times)	Board meeting presence on site (times)	Board meeting presence by telecommunication (times)	Board meeting presence through a proxy (times)	Board meeting absence (times)	Board meeting not attending in person for two consecutive times	Presence at shareholders' meetings (times)
Che Quanhong	10	2	8	0	0	No	2
Jin Hairong	10	5	5	0	0	No	3
Ma Wentao	10	9	1	0	0	No	3
Fu Zhiqian	10	6	4	0	0	No	3
Dong Xiuqin	10	0	9	1	0	No	3
Zhuo Shuyan	10	0	10	0	0	No	2
Pang Chunlin	10	0	10	0	0	No	2

Description of not attending the board meeting in person for two consecutive times

Not applicable

2. Objections from Directors on Related Issues of the Company

Do directors raise objections to relevant matters of the Company

Yes No

During the reporting period, the directors did not raise any objections to the relevant matters of the Company.

3. Other descriptions for directors performing their duties

Whether the directors' suggestions regarding the Company have been adopted

Yes No

Directors' explanation on whether the Company's relevant suggestions have been adopted or not

During the reporting period, the directors of the Company were diligent and responsible in accordance with relevant laws and regulations, attended relevant meetings on time, carefully reviewed various proposals, objectively expressed their opinions and ideas, and the Company adopted all reasonable suggestions put forward by the directors.

VIII. The Special Committees under the Board of Directors during the Reporting Period

Committee Name	Members	Number of Meetings Held	Convening Date	Meeting Content	Important Opinions and Suggestions Proposed	Other Performance of Duties	Specifics of Objection (if any)
Audit Committee of the Board of Directors	Zhuo Shuyan, Dong Xiuqin, and Fu Zhiqian	6	March 24, 2025	The "Proposal on the 2024 Internal Audit Work Summary and the 2025 Internal Audit Work Plan" was deliberated and approved.	The Audit Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Audit Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts relevant proposals	None	None
Audit Committee of the Board of Directors	Zhuo Shuyan, Dong Xiuqin, and Fu Zhiqian	6	April 10, 2025	The following proposals were deliberated and approved: 1. Proposal on the "2024 Annual Report" and Its Summary; 2. Proposal on the "2024 Annual Financial Settlement Report"; 3. Proposal on the "2024 Annual Internal Control Evaluation Report"; 4. Proposal on Renewing the Appointment of the Audit Institution for 2025; 5. Proposal on Applying for Comprehensive Credit Line from Banks and Handling Bank Loans; 6. Proposal on Using Idle Self-owned Funds to Purchase	The Audit Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Audit Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts relevant proposals	None	None

				Financial Products; 7. Proposal on Conducting Foreign Exchange Derivative Trading Business; 8. Report by the Audit Committee on the Assessment of the Accounting Firm's Performance of Duties in 2024 and its Performance of Supervisory Responsibilities.			
Audit Committee of the Board of Directors	Zhuo Shuyan, Dong Xiuqin, and Fu Zhiqian	6	April 24, 2025	The "Proposal on the 2025 Q1 Report of ZKTECO CO., LTD." was deliberated and approved.	The Audit Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Audit Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts relevant proposals	None	None
Audit Committee of the Board of Directors	Zhuo Shuyan, Dong Xiuqin, and Fu Zhiqian	6	August 14, 2025	The "Proposal on 2025 Half Year Report of ZKTECO CO., LTD. and Its Abstract" was deliberated and approved.	The Audit Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Audit Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts relevant proposals	None	None

Audit Committee of the Board of Directors	Zhuo Shuyan, Dong Xiuqin, and Fu Zhiqian	6	September 29, 2025	The following proposals were deliberated and approved: 1. "Proposal on Revising the Selection System for Accounting Firms of ZKTECO CO., LTD."; 2. "Proposal on Revising the Internal Audit System of ZKTECO CO., LTD."	The Audit Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Audit Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts relevant proposals	None	None
Audit Committee of the Board of Directors	Zhuo Shuyan, Dong Xiuqin, and Fu Zhiqian	6	October 24, 2025	The "Proposal on the 2025 Q3 Report of ZKTECO CO., LTD. was deliberated and approved.	The Audit Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Audit Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts relevant proposals	None	None
Salary and Assessment Committee	Jin Hairong, Pang Chunlin, and Zhuo Shuyan	4	January 19, 2025	The following proposals were deliberated and approved: 1. "Proposal on the Company's 2025 Restricted Share Incentive Plan (Draft) and Its Abstract"; 2. "Proposal on the Company's Restricted Share Incentive Plan Implementation Assessment Management Measures 2025"; 3. "Proposal on the Company's	The Salary and Assessment Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Salary and Assessment Committee	None	None

				2025 Employee Stock Ownership Plan (Draft) and Its Abstract"; 4. "Proposal on the Company's 2025 Employee Stock Ownership Plan Management Measures".	of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts related proposals according to the actual situation of the Company.		
Salary and Assessment Committee	Jin Hairong, Pang Chunlin, and Zhuo Shuyan	4	March 24, 2025	The following proposals were deliberated and approved: 1. "Proposal on Adjusting the List of Incentive Objects of Restricted Share Incentive Plan in 2025 and the Number of Granted Objects"; 2. "Proposal on Granting Restricted Shares to the Incentive Objects of 2025 Restricted Share Incentive Plan".	The Salary and Assessment Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Salary and Assessment Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts related proposals according to the actual situation of the Company.	None	None
Salary and Assessment Committee	Jin Hairong, Pang Chunlin, and Zhuo Shuyan	4	April 10, 2025	The following proposals were deliberated and approved: 1. "Proposal on 2025 Compensation Plan for Directors"; 2. "Proposal on the Remuneration Plan for Senior Managers for 2025"; 3. "Proposal on the Failure to Meet the Attribution Conditions for the Second Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and Cancellation of Granted but Not Affiliated Restricted Shares".	The Salary and Assessment Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Salary and Assessment Committee of the Board of Directors". It is diligent and responsible. Based on the actual situation of the Company, after thorough communication and discussion, the related committee members abstained from voting on	None	None

					the relevant proposals, while the non-related committee members all voted in favor of the relevant proposals.		
Salary and Assessment Committee	Jin Hairong, Pang Chunlin, and Zhuo Shuyan	4	September 29, 2025	The "Proposal on Amending the Salary and Assessment Management System for Directors, Supervisors, and Senior Managers of ZKTECO CO., LTD." was deliberated and approved.	The Salary and Assessment Committee carries out work in strict accordance with the "Company Law", the regulatory rules of the CSRC, the "Articles of Association", the "Rules of Procedure of the Board of Directors", and the "Implementation Rules of the Salary and Assessment Committee of the Board of Directors". It is diligent and responsible, and after sufficient communication and discussion, unanimously adopts related proposals according to the actual situation of the Company.	None	None
Nomination Committee	Che Quanhong, Pang Chunlin, and Zhuo Shuyan	1	October 23, 2025	The "Proposal on Reviewing the Qualifications of Employee Representative Director Candidates for the Third Board of Directors" was deliberated and approved.	The Nomination Committee strictly carried out its work in accordance with relevant laws and regulations, as well as the provisions of the Company's "Articles of Association" and the "Implementation Rules of the Nomination Committee of the Board of Directors". The qualifications of the Company's employee representative director candidates were reviewed and the relevant proposals were unanimously passed.	None	None
Strategy and Development Committee	Che Quanhong, Pang Chunlin, and Ma Wentao	1	October 13, 2025	The "Proposal on the Acquisition of 55% Equity in Shenzhen Longzhiyuan Technology Co., Ltd." was deliberated and	The Strategy and Development Committee strictly conducted its work in accordance with relevant laws and regulations, the "Articles	None	None

				approved.	of Association", the "Implementation Rules for the Board of Directors' Strategy and Development Committee", and other relevant institutional provisions, reviewing the Company's acquisition matters and unanimously approving the relevant proposal.		
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IX. Performance of the Audit Committee

Were there any risks to the Company identified by the Audit Committee when performing its duties during the reporting period

Yes No

The Audit Committee has no objection to the supervision matters during the reporting period.

X. Employees of the Company

1. Number, Professional Structure and Educational Background of Employees

Number of in-service employees of the parent company at the end of the reporting period	676
Number of in-service employees of the major subsidiaries at the end of the reporting period	2,773
Total number of in-service employees at the end of the reporting period	3,449
Total number of employees receiving salaries in the current period	3,449
Number of retired employees requiring the parent Company and its subsidiaries to bear costs	11
Professional structure	
Type of professions	Number of employees
Production personnel	899
Sales personnel	1,275
Technical personnel	951
Financial personnel	103
Administrative personnel	221
Total	3,449
Educational background	
Educational background	Number of employees
PhD candidate	0
Master's degree	122
Bachelor degree	1,663
Other	1,664
Total	3,449

2. Remuneration policy

In 2025, the Company continued to optimize its compensation and performance management system, completing policy integration and process standardization, and enhancing management transparency and operational efficiency. By integrating and analyzing data, it provides systematic data support for management operations and strategic decision-making. It pilots differentiated incentive schemes for key functions such as R&D and marketing, continuously improves the incentive mechanism, and strengthens talent competitiveness.

3. Training plan

This year, the Company organized a total of 1,248 specialized training sessions, focusing on practical business application and strategic synergy. We continuously optimized the content and format, specifically conducting various targeted training programs such as AI technology application, quality management system enhancement, project engineering delivery, practical empowerment for business elites, and new employee integration. These sessions covered employees in key positions across all levels. Through precise and intensive empowerment, we effectively enhance employees' professional capabilities, the level of cross-departmental collaboration, and business performance, further strengthening internal learning and development mechanisms to provide continuous talent support for the Company's strategic advancement and competitiveness enhancement.

4. Labor outsourcing

Applicable Not applicable

Sum of working hours of labor outsourcing (hour)	28,169
Remuneration sum paid for labor outsourcing (RMB)	2,813,670.08

XI. Profit Distribution and Conversion of Capital Reserve to Share Capital of the Company

Formulation, implementation or adjustment of profit distribution policies of ordinary shares especially the cash dividend plan during the reporting period

Applicable Not applicable

During the reporting period, the Company reviewed and implemented the profit distribution plan in strict accordance with the profit distribution policy stipulated in the Company's "Articles of Association". The relevant decision-making procedures and mechanisms were complete, and the profit distribution plan was implemented within the specified time after being reviewed and approved, ensuring the interests of all shareholders. The Company convened the 17th Session of the Third Board Meeting on April 21, 2025, and the 2024 annual general meeting on May 15, 2025, which approved the new "Articles of Association" and the "Shareholder Dividend Return Plan for the Next Three Years (2025-2027)", detailing the Company's profit distribution policy, especially regarding cash dividends. At the same time, the meetings also approved the "Proposal on the 2024 Profit Distribution Plan". The implementation of the Company's 2024 annual profit distribution plan is as follows: The Company's total share capital is 196,312,325 shares. After deducting the 1,116,200 shares held in the Company's dedicated securities account for share repurchases, the share capital stands at 195,196,125 shares. Based on this, the Company will distribute a cash dividend of RMB 5 (including tax) for every 10 shares to all shareholders, totaling RMB 97,598,062.50; 2 shares are transferred for every 10 shares, totaling 39,039,225 shares of increased share capital. On June 4, 2025, the Company implemented the above profit distribution implementation plan. This profit distribution plan complies with the provisions of the Company's "Articles of Association" and the requirements of the resolution on the General Meetings.

Special explanation cash dividend policy	
Whether it complies with the provisions of the Company's Articles of Association or the requirements of the shareholders' meeting resolution:	Yes
Whether dividend standards and ratio are definite and clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors performed their duties and played their due role:	Yes
If the Company does not distribute cash dividends, specific	Not applicable

reasons, as well as the measures to be taken next to enhance investor returns should be disclosed:	
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Not applicable

The profit distribution plan and the plan for converting capital reserve into share capital during the reporting period of the Company are consistent with the relevant provisions of the Company's Articles of Association and dividend management measures

Yes No Not applicable

The profit distribution plan and the plan for converting capital reserve into share capital during the reporting period of the Company comply with relevant regulations such as the Company's Articles of Association.

Profit distribution and conversion of capital reserve into share capital for the current year

Bonus issue per 10 shares (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	4.8
Additional shares converted from capital reserves per 10 shares (share)	0
Total capital shares as the basis for the distribution plan (share)	234,235,350
Cash dividend amount (RMB) (tax inclusive)	112,432,968.00
Cash dividend amount in other ways (such as repurchase of shares) (RMB)	0.00
Total cash dividends (including other ways) (RMB)	112,432,968
Distributable profit (RMB)	363,165,101.68
Proportion of total cash dividends (including other ways) to total profit distribution	100.00%
Cash dividend of the reporting period	
If the Company is in a growth stage of development and there are significant capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution shall reach 20%	
Details of profit distribution or plan for converting capital reserve into share capital	
<p>On April 21, 2026, the Company convened the Second Session of the Fourth Board Meeting, which approved the "Proposal on the 2025 Profit Distribution Plan". The Board of Directors proposed the Company's 2025 annual profit distribution plan as follows:</p> <p>The Company plans to distribute cash dividends of RMB 4.8 (including tax) per 10 shares to all shareholders based on the future total share capital deducted from the repurchased shares in the Company's repurchase special account on the registration date of equity distribution. There will be no bonus shares or conversion of capital reserve into share capital. As of April 23, 2026, the total share capital of the Company is 235,351,550 shares. After deducting 1,116,200 shares that have been repurchased in the Company's repurchase account, the total amount of cash dividends planned to be distributed for 2025 is RMB 112,432,968 (including tax).</p> <p>If there is any change in the total share capital of the Company or the number of shares in the repurchase account from the date of announcement of this profit distribution plan to the date of equity registration for the implementation of the rights distribution, the Company will adjust the total amount of distribution based on the total share capital on the equity registration date for the implementation of the distribution plan, excluding the shares already repurchased in the repurchase account, while maintaining the principle that the cash dividend per share remains unchanged.</p> <p>This proposal still needs to be submitted to the Company's 2025 annual shareholders' meeting for deliberation.</p> <p>The Company's profit distribution plan for 2025 was proposed by the Board of Directors after comprehensively considering factors such as the current share capital situation, operating conditions, profitability, financial position, and the Company's long-term development. It is beneficial to all shareholders sharing the Company's operating results. This profit distribution plan complies with the Company's Articles of Association and relevant deliberation procedures. This profit distribution plan was approved by the first special meeting of the independent directors of the Company's fourth board of directors, effectively protecting the legitimate rights and interests of small and medium-sized investors.</p>	

During the reporting period, the Company made profits and the parent company had a positive profit available for shareholder distribution, but no cash dividend distribution plan was proposed

Applicable Not applicable

XII. Implementation of the Company's Equity Incentive Plans, Employee Stock Ownership Plans, or Other Employee Incentive Plans

Applicable Not applicable

1. Equity incentives

During the reporting period, the Company had a total of two phases of equity incentive plans under implementation. The specific details are as follows:

(1) 2022 Restricted Share Incentive Plan

The attribution conditions for the first attribution period of the Company's 2022 Restricted Share Incentive Plan's reserved grant were met. The Company completed the registration of the attribution of these shares in accordance with relevant regulations, and the relevant shares were listed and circulated on January 10, 2025. Please refer to the "Announcement on the Attribution Results of the First Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and the Listing of Shares" (Announcement No. 2025-009) disclosed by the Company on the website of CNINFO (<http://www.cninfo.com.cn>) on January 8, 2025.

On April 21, 2025, the Company's 17th Session of the Third Board Meeting and the 16th Session of the Third Supervisory Board Meeting deliberated and approved the "Proposal on the Failure to Meet the Attribution Conditions for the Second Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and Cancellation of Granted but Not Affiliated Restricted Shares". According to the audit report (ZHKS [2025] No. 3301) issued by Zhonghui Certified Public Accountants (Special General Partnership) on the Company's 2024 annual report, the attribution conditions for the second attribution period of the reserved grant in the Company's 2022 Restricted Share Incentive Plan were not met. In accordance with the "Measures for the Administration of Equity Incentives of Listed Companies", the "2022 Restricted Share Incentive Plan", and other relevant regulations, all 129,370 restricted shares granted but not yet affiliated for the second attribution period to the 43 incentive objects of the reserved grant were cancelled and rendered void. Please refer to the "Announcement on the Failure to Meet the Attribution Conditions for the Second Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and Cancellation of Granted but Not Affiliated Restricted Shares" (Announcement No. 2025-047) disclosed by the Company on the website of CNINFO (<http://www.cninfo.com.cn>) on April 23, 2025.

(2) 2025 Restricted Share Incentive Plan

On January 23, 2025, the Company held the 15th Session of the Third Board Meeting and the 14th Session of the Third Supervisory Board Meeting, and deliberated and approved the "Proposal on the Company's Restricted Share Incentive Plan 2025 (Draft) and Its Abstract" and the "Proposal on the Company's Restricted Share Incentive Plan Implementation Assessment Management Measures 2025" and other related proposals. For details, please refer to the relevant announcements disclosed by the Company on the website of CNINFO (<http://www.cninfo.com.cn>) on January 24, 2025. On February 11, 2025, the Company's first 2025 Extraordinary General Meeting deliberated and approved the aforementioned related proposals.

On March 28, 2025, the Company's 16th Session of the Third Board Meeting and the 15th Session of the Third Supervisory Board Meeting deliberated and approved the "Proposal on Adjusting the List of Incentive Objects of Restricted Share Incentive Plan in 2025 and the Number of Granted Objects" and the "Proposal on Granting Restricted Shares to the Incentive Objects of 2025 Restricted Share Incentive Plan". Given that some incentive objects have resigned or voluntarily waived all or part of their restricted shares for personal reasons, the Company adjusted the list of incentive objects and the number of shares granted under this incentive plan. The Board of Directors believes that the grant conditions stipulated in the Company's 2025 Restricted Share Incentive Plan have been fulfilled, and

has agreed to set March 28, 2025, as the grant date and to grant 2,121,170 restricted shares to 353 incentive objects who meet the grant conditions. For details, please refer to the relevant announcements disclosed by the Company on the website of CNINFO (<http://www.cninfo.com.cn>) on March 28, 2025.

Equity incentives obtained by the directors and senior managers

Applicable Not applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Exercisable shares during the reporting period	Number of exercised shares during the reporting period	Exercise price of exercised shares during the reporting period (RMB/share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (RMB/share)	Number of restricted shares held at the beginning of the period	Number of unlocked shares in this period	Number of newly granted restricted shares in the reporting period	Grant price of restricted share (RMB/share)	Number of limited shares held at the end of the period
Fu Zhiqian	Director	0	0	0	0	0	0		0	0	6,500	13.25	0
Mu Wenting	Deputy General Manager	0	0	0	0	0	0		0	0	7,150	13.25	0
Total	--	0	0	0	0	--	0	--	0	0	13,650	--	0
Remarks (if any)	The restricted shares held by the above-mentioned personnel are Class II restricted shares. As the relevant shares have not yet vested, the number of limited shares held at the end of the period is 0.												

Assessment and incentive mechanism of the senior managers

The performance of directors and senior managers serving in the Company's operational and management positions is subject to comprehensive assessment, based on the Company's economic benefits, and according to the Company's annual operating plan and the work objectives of the directors and senior managers in charge of their respective duties. On March 10, 2026, the 25th Session of the Company's Third Board Meeting reviewed and approved the "Salary and Assessment Management System for Directors and Senior Managers of ZKTECO CO., LTD." Starting from 2026, the remuneration of non-independent directors and senior managers (including the General Manager, Deputy General Managers, Board Secretary, and Financial Administrator, etc.) serving in the Company will be implemented in accordance with the relevant provisions of this assessment management system. Their remuneration structure consists of basic salary, performance-based remuneration, and medium- and long-term incentive income. For specific details, please refer to the "Salary and Assessment Management System for Directors and Senior Managers of ZKTECO CO., LTD." disclosed by the Company.

2. Implementation of employee stock ownership plan

Applicable Not applicable

Details of all effective employee stock ownership plans during the reporting period

Scope of Employees	Number of Employees	Total Shares Held (Shares)	Changes	Proportion to Total Share Capital of the Listed Company	Source of Funds for the Plan Implementation
Company directors, supervisors, senior managers, middle managers, and	358	1,336,560	None	0.57%	Funds obtained from employees' legitimate remuneration, self-raised funds, and

core technical (business) personnel who play an important role and have a significant impact on the Company's overall performance and medium- and long-term development.					funds obtained through other methods permitted by laws and administrative regulations
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Shareholdings of directors and senior managers in the employee stock ownership plan during the reporting period

Name	Position	Number of Shares Held at the Beginning of the Reporting Period	Number of Shares Held at the End of the Reporting Period	Proportion to Total Share Capital of the Listed Company
Fu Zhiqian	Director	0	4,200	0.00%
Mu Wenting	Deputy General Manager	0	4,620	0.00%

Changes in asset management institutions during the reporting period

Applicable Not applicable

Changes in equity arising from holders' disposal of shares during the reporting period

Applicable Not applicable

Exercise of shareholder rights during the reporting period

Not applicable

Other related circumstances and explanations of the employee stock ownership plan during the reporting period

Applicable Not applicable

On May 23, 2025, the Company received the "Confirmation of Securities Transfer Registration" issued by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The 1,113,800 shares of the Company's stock held in the Company's dedicated securities account for share repurchases were non-transactionally transferred on May 22, 2025, to the "ZKTECO CO., LTD. - 2025 Employee Stock Ownership Plan" securities account. The number of transferred shares accounted for 0.5674% of the Company's total share capital on the announcement date of this employee stock ownership plan draft, and the transfer price was RMB 13.25 per share.

On June 4, 2025, the number of shares held in the securities account of the employee stock ownership plan changed from 1,113,800 shares to 1,336,560 shares, as a result of the Company's implementation of the 2024 annual equity distribution.

Changes in the members of the Employee Stock Ownership Plan Management Committee

Applicable Not applicable

Financial impact of the employee stock ownership plan on the listed company during the reporting period and related accounting treatment

Applicable Not applicable

According to the relevant provisions of Accounting Standards for Business Enterprises No. 11 – Share-based Payment, RMB 4,110,500 of share-based payment fees for the employee stock ownership plan were amortized in the current period and included in current profits and losses, correspondingly increasing capital reserve.

Circumstances of the termination of the employee stock ownership plan during the reporting period

Applicable Not applicable

Other explanations:

3. Other employee incentive plans

Applicable Not applicable

XIII. Construction and Implementation of Internal Control System During the reporting period

1. Construction and Implementation of Internal Control

The Company has formed a relatively complete internal control system in accordance with the "Basic Norms for the Internal Control of Enterprises" and its supporting guidelines, as well as other regulatory requirements, and combined with the actual situation of the Company, and continuously optimized to adapt to the constantly changing external environment and internal management requirements. With the joint efforts of the Board of Directors, management, and all employees, the Company has established a relatively complete and effective internal control management system. From the company level to the business process level, a systematic internal control system and necessary internal supervision mechanisms have been established to provide reasonable guarantees for the legality and compliance of the Company's business management, asset safety, truthfulness and completeness of financial reports and related information, improvement of operational efficiency and effectiveness, and the implementation of development strategies. During the reporting period, in accordance with the revisions to relevant laws, regulations, and policy documents, and taking into account its operational development needs, the Company revised 31 systems, including the Articles of Association and its appendices, and the rules of procedure for special committees. Through the continuous establishment and improvement of its internal control systems, the Company steadily enhanced its corporate governance level.

During the reporting period, the Company organized an internal control evaluation for 2025, and there were no significant or important deficiencies in internal control related to financial and non-financial reporting.

2. Particulars of material internal control defects detected during the reporting period

Yes No

XIV. Management and Control of Subsidiaries During the Reporting Period of the Company

Company Name	Integration Plan	Integration Progress	Problems in Integration	Solutions Taken	Resolution Progress	Subsequent Resolution Plan
Shenzhen Longzhiyuan Technology Co., Ltd.	1. Asset integration: Integrate Longzhiyuan into the Company's asset management system, conduct asset inventory, ownership clarification, and unified management of asset ledgers, to ensure asset security and utilization efficiency. 2. Personnel integration: Maintain the relative stability of the management team and core employees, while assigning personnel to key positions such as finance and risk control, and establish a unified human resources and performance appraisal	Completed	None	None	None	None

	<p>mechanism.</p> <p>3. Financial integration: The Company appoints a Chief Financial Officer and financial management personnel to control the corporate seal and dedicated financial seal, and to implement a unified accounting system, fund management, and internal audit system.</p> <p>4. Organizational integration: As per the agreement, restructure Longzhiyuan's governance structure (Board of Directors, Supervisors, and Senior Managers) and integrate it into the Company's overall organizational structure and control system.</p> <p>5. Business integration: Under the operating objectives established by the Board of Directors, Longzhiyuan management formulates a three-year plan and annual budget. The Company does not additionally interfere with daily operations but achieves business synergy and risk control through budgeting, auditing, performance appraisal, and other means.</p>					
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Abnormalities exist in the management control of subsidiaries.

Yes No

XV. Internal Control Evaluation Report and Internal Control Audit Report

1. Evaluation report on internal control

Disclosure date of the full text of the internal control evaluation report	April 23, 2026	
Disclosure index of the full text of the internal control evaluation report	CNINFO (http://www.cninfo.com.cn)	
The proportion of the total assets of the unit included in the evaluation scope to the total assets of the Company in the consolidated financial statements	90.20%	
The proportion of operating revenue of the unit included in the evaluation scope to the operating revenue of the Company in the consolidated financial statements	97.91%	
Deficiency Identification Criteria		
Category	Financial Reports	Non-financial Reports
Qualitative Criteria	Significant deficiencies: Control environment is ineffective; the supervision of internal control by the Company's Audit Committee and internal audit institutions is ineffective; discovering fraud by directors, supervisors, and senior managers; the Company has made significant corrections to the published financial	Significant deficiencies: Violation of national laws, regulations, or normative documents; lack of decision-making procedures or unscientific decision-making procedures, leading to significant errors; lack of institutional control or systematic failure of important businesses; the results of internal control evaluation, especially significant or

	<p>statements; significant deficiencies that have been identified and reported to management have not been corrected within a reasonable time frame; other deficiencies that may affect the correct judgment of report users.</p> <p>Important deficiencies: Failure to select and apply accounting policies in accordance with generally accepted accounting standards; invalid anti-fraud procedures and control measures; one or more deficiencies in the control of the final financial reporting process.</p> <p>Although the significant deficiency criteria have not been met, there is no reasonable guarantee that the financial statements prepared will achieve true and accurate objectives.</p> <p>General deficiencies: refer to other control deficiencies besides the significant and important deficiencies mentioned above.</p>	<p>important deficiencies, have not been rectified; other situations that have a significant impact on the Company.</p> <p>Important deficiencies: Deficiencies in important business institutions or systems; important deficiencies in the results of internal control evaluation are not promptly rectified; other situations that have a significant negative impact on the Company, with a severity lower than significant deficiencies, but may still lead to the Company deviating from its control objectives.</p> <p>General deficiencies: refer to internal control deficiencies that do not constitute significant or important deficiencies.</p>
Quantitative Criteria	<p>Significant deficiencies: Misstated amount $\geq 1\%$ of total assets; misstated amount $\geq 2\%$ of main business income; misstated amount $\geq 5\%$ of total profits</p> <p>Important deficiencies: 0.5% of total assets \leq misstated amount $< 1\%$ of total assets; 1% of main business income \leq misstated amount $< 2\%$ of total main business income; 2% of total profits \leq misstated amount $< 5\%$ of total profits</p> <p>General deficiencies: Misstated amount $< 0.5\%$ of total assets; misstated amount $< 1\%$ of total main business income; misstated amount $< 2\%$ of total profits</p>	<p>Significant deficiencies: Loss amount $>$ RMB 10 million; important deficiencies: RMB 1 million $<$ loss amount \leq RMB 10 million; general deficiencies: loss amount \leq RMB 1 million</p>
Number of significant deficiencies in financial reports		0
Number of significant deficiencies in non-financial reports		0
Number of important deficiencies in financial reports		0
Number of important deficiencies in non-financial reports		0

2. Internal control audit report

Applicable Not applicable

Opinions on the internal control audit report	
We believe that on December 31, 2025, ZKTeco maintained effective internal control over financial reports in all material respects in accordance with the "Basic Norms for the Internal Control of Enterprises" and relevant regulations.	
Disclosure of the internal control audit report	Disclosed
Disclosure date of the full text of the internal control audit report	April 2, 2026

Disclosure index of the full text of the internal control audit report	CNINFO (http://www.cninfo.com.cn)
Type of the opinions on the internal control audit report	Standard unqualified opinions
Are there any material deficiencies in the non-financial reports?	No

Has the accounting firm issued an internal control audit report with non-standard opinions?

Yes No

Is the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the Board of Directors?

Yes No

Whether a non-standard audit opinion on internal control was issued during the reporting period or the previous year.

Yes No

XVI. Rectification of Problems in Self-inspection of Special Actions for Governance of Listed Companies

Not applicable

XVII. Environmental Information Disclosure

Whether the listed company and its main subsidiaries are included in the list of enterprises required by law to disclose environmental information

Yes No

XVIII. Social Responsibilities

For specific information, please refer to the "ZKTECO CO., LTD. 2025 SUSTAINABILITY REPORT" disclosed by the Company on April 23, 2026, on CNINFO (<http://www.cninfo.com.cn>).

XIX. Efforts Regarding Poverty Alleviation and Rural Revitalization

For progress in consolidating and expanding poverty alleviation achievements and rural revitalization related work during the reporting period, please refer to the "ZKTECO CO., LTD. 2025 SUSTAINABILITY REPORT" disclosed by the Company on April 23, 2026, on CNINFO (<http://www.cninfo.com.cn>).

Section V Significant Events

I. Performance of Commitments

1. Commitments completed by actual controllers, shareholders, related parties, purchasers, or the Company within the reporting period and commitments not fulfilled by the end of the reporting period

Applicable Not applicable

Causes of Commitment	Undertaking Party	Commitment Type	Commitment Content	Date of commitments	Term of commitments	Performance
IPO-related commitments	ZKTeco Times	Stock lockup	<p>1. Within 36 months from the date of ZKTeco's initial public offering and listing, I will not transfer or entrust others to manage the previously issued shares of ZKTeco that the Company holds before the public offering, nor will ZKTeco repurchase such shares.</p> <p>2. Within six months after ZKTeco's initial public offering and listing, if the closing price of ZKTeco's shares is lower than the issuance price of ZKTeco's initial public offering for twenty consecutive trading days (if ex-right or ex-dividend is carried out due to reasons such as cash dividend distribution, stock dividend, conversion to share capital, or issuance of new shares, corresponding adjustments must be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange), or the closing price is lower than the issuance price of ZKTeco's initial public offering of stocks at the end of the six-month period after listing (if that day is not a trading day, it is the first trading day after that day) (if ex-right or ex-dividend is carried out due to reasons such as cash dividends distribution, stock dividends, conversion to share capital, or issuance of new shares, corresponding adjustments must be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange), the lockup period for ZKTeco stocks the Company holds is automatically extended by six months.</p> <p>3. The Company will faithfully fulfill the above commitments and bear corresponding legal responsibilities. If I fail to fulfill the obligations and responsibilities conferred by this commitment, the company will bear any</p>	August 17, 2022	February 16, 2026	Strict performance

			<p>losses suffered by ZKTeco, other shareholders or stakeholders of ZKTeco. The profits from illegal reduction of stocks will belong to ZKTeco.</p> <p>4. If there are different provisions in laws, regulations, normative documents, as well as the CSRC or Shenzhen Stock Exchange regarding the lockup period of the aforementioned shares and the relevant responsibilities that the company should bear due to violating the above commitments, the company will voluntarily and unconditionally comply with these provisions.</p>			
IPO-related commitments	Che Quanhong	Stock lockup	<p>1. Within 36 months from the date of ZKTeco's initial public offering and listing, I will not transfer or entrust others to manage the previously issued shares of ZKTeco that I directly or indirectly hold before the public offering, nor will ZKTeco repurchase such shares.</p> <p>2. Within six months after ZKTeco's initial public offering and listing, if the closing price of ZKTeco's shares is lower than the issuance price of ZKTeco's initial public offering for twenty consecutive trading days (if ex-right or ex-dividend is carried out due to reasons such as cash dividend distribution, stock dividend, conversion to share capital, or issuance of new shares, corresponding adjustments must be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange), or the closing price is lower than the issuance price of ZKTeco's initial public offering of stocks at the end of the six-month period after listing (if that day is not a trading day, it is the first trading day after that day) (if ex-right or ex-dividend is carried out due to reasons such as cash dividends distribution, stock dividends, conversion to share capital, or issuance of new shares, corresponding adjustments must be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange), the lockup period for ZKTeco stocks I hold directly or indirectly is automatically extended by six months.</p> <p>3. After the expiration of the aforementioned stock lockup period, during my tenure as a director and senior managers of ZKTeco, I will not directly or indirectly transfer more than 25% of the total number of ZKTeco shares held by me each year. Within six months of resignation, I will not transfer or entrust others to manage ZKTeco shares I directly and indirectly hold.</p> <p>4. I will faithfully fulfill the above commitments and bear corresponding legal responsibilities. If I fail to fulfill the obligations and responsibilities conferred by this commitment, I will bear any losses suffered by ZKTeco, other shareholders or stakeholders of ZKTeco. The profits from illegal reduction of company stocks will belong to ZKTeco.</p> <p>5. If there are different provisions in laws, regulations, normative documents,</p>	August 17, 2022	February 16, 2026	Strict performance

			as well as the CSRC or Shenzhen Stock Exchange regarding the lockup period of the aforementioned shares and the relevant responsibilities that I should bear due to violating the above commitments, I voluntarily and unconditionally comply with these provisions.			
IPO-related commitments	LX Investment	Stock lockup	<p>1. Within 36 months from the date of ZKTeco's initial public offering and listing, I will not transfer or entrust others to manage the previously issued shares of ZKTeco that the enterprise holds before the public offering, nor will ZKTeco repurchase such shares.</p> <p>2. The enterprise will faithfully fulfill the above commitments and bear corresponding legal responsibilities. If I fail to fulfill the obligations and responsibilities conferred by this commitment, the enterprise will bear any losses suffered by ZKTeco, other shareholders or stakeholders of ZKTeco. The profits from illegal reduction of stocks will belong to ZKTeco.</p> <p>3. If there are different provisions in laws, regulations, normative documents, as well as the CSRC or Shenzhen Stock Exchange regarding the lockup period of the aforementioned shares and the relevant responsibilities that the enterprise should bear due to violating the above commitments, the enterprise will voluntarily and unconditionally comply with these provisions.</p>	August 17, 2022	August 16, 2025	Fulfilled
IPO-related commitments	JYSJ and JYHY	Stock lockup	<p>1. The enterprise promises to lock in the shares of ZKTeco held in accordance with the following principles:</p> <p>(1) The shares held by the enterprise in ZKTeco are unlocked in four batches, with each batch unlocking one fourth of the shares held by the enterprise. The unlocking period is one year, two years, three years, and four years from the date of ZKTeco's initial public offering and listing. For the shares involved in the aforementioned lockup period arrangement that have not been unlocked, the enterprise will not transfer or entrust others to manage the shares already issued by ZKTeco before its public offering, nor will ZKTeco repurchase such shares.</p> <p>(2) For the newly added shares subscribed by the enterprise by participating in the capital increase of ZKTeco within 6 months prior to the completion of the initial public offering of shares by ZKTeco, the enterprise will not transfer or entrust others to manage the newly added shares held by the enterprise, nor will ZKTeco repurchase such shares within three years from the date of completing the industrial and commercial registration procedures for the aforementioned capital increase. If a portion of the shares held by a Japanese enterprise whose lockup period expires earlier than the expiration date of the lockup period promised in the first item of this article, the corresponding lockup period for that portion of the shares shall be subject to the first item of</p>	August 17, 2022	February 17, 2027	Strict performance

			<p>this article.</p> <p>2. The enterprise will faithfully fulfill the above commitments and bear corresponding legal responsibilities. If I fail to fulfill the obligations and responsibilities conferred by this commitment, the enterprise will bear any losses suffered by ZKTeco, other shareholders or stakeholders of ZKTeco. The profits from illegal reduction of stocks will belong to ZKTeco.</p> <p>3. If there are different provisions in laws, regulations, normative documents, as well as the CSRC or Shenzhen Stock Exchange regarding the lockup period of the aforementioned shares and the relevant responsibilities that the enterprise should bear due to violating the above commitments, the enterprise will voluntarily and unconditionally comply with these provisions.</p>			
<p>IPO-related commitments</p>	<p>JYLY and JYQL</p>	<p>Stock lockup</p>	<p>1. The enterprise promises to lock in the shares of ZKTeco held in accordance with the following principles:</p> <p>(1) The shares held by the enterprise in ZKTeco are unlocked in four batches, with each batch unlocking one fourth of the shares held by the enterprise. The unlocking period is one year, two years, three years, and four years from the date of ZKTeco's initial public offering and listing. For the shares involved in the aforementioned lockup period arrangement that have not been unlocked, the enterprise will not transfer or entrust others to manage the shares already issued by ZKTeco before its public offering, nor will ZKTeco repurchase such shares.</p> <p>(2) For the newly added shares subscribed by the enterprise by participating in the capital increase of ZKTeco within 6 months prior to the completion of the initial public offering of shares by ZKTeco, the enterprise will not transfer or entrust others to manage the newly added shares held by the enterprise, nor will ZKTeco repurchase such shares within three years from the date of completing the industrial and commercial registration procedures for the aforementioned capital increase. If a portion of the shares held by a Japanese enterprise whose lockup period expires earlier than the expiration date of the lockup period promised in the first item of this article, the corresponding lockup period for that portion of the shares shall be subject to the first item of this article.</p> <p>2. The enterprise is willing to bear legal responsibilities arising from violating the above commitments.</p> <p>3. If there are different provisions in laws, regulations, normative documents, as well as the CSRC or Shenzhen Stock Exchange regarding the lockup period of the aforementioned shares and the relevant responsibilities that the enterprise should bear due to violating the above commitments, the enterprise</p>	<p>August 17, 2022</p>	<p>February 17, 2027</p>	<p>Strict performance</p>

IPO-related commitments	Jin Hairong, Ma Wentao, Fu Zhiqian, Jiang Wenna, Wu Xinke, Liu Jiajia, Wang Youwu, Li Zhinong, and Guo Yanbo	Stock lockup	<p>will voluntarily and unconditionally comply with these provisions.</p> <p>1. Strictly abide by the stock lockup commitments made by myself and my shareholding platform, and during the stock lockup period, I will not transfer or entrust others to manage the previously issued shares of ZKTeco that I directly or indirectly hold before the public offering, nor will ZKTeco repurchase such shares;</p> <p>2. During my tenure as a director/supervisor and/or senior managers of ZKTeco, I will not transfer more than 25% of the total number of shares of ZKTeco I directly or indirectly hold each year. Within six months after my resignation, I will not transfer any of these shares. If I resign within six months from the date of the initial public offering and listing of shares of ZKTeco, I will not transfer these shares within 18 months from the date of resignation. If I resign on a date between the seventh and twelfth months after the initial public offering and listing of its shares, I will not transfer these shares within 12 months from the date of declaration of resignation.</p> <p>3. If I reduce my holdings of ZKTeco stocks within two years after the expiration of the lockup period, the reduction price shall not be lower than the issuance price of ZKTeco's initial public offering (if an ex-right or ex-dividend is made due to the distribution of cash dividends, stock dividends, conversion into capital stock, or issuance of new shares after this issuance, corresponding adjustments shall be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange).</p> <p>4. Within six months after ZKTeco's initial public offering and listing, if the closing price of ZKTeco's shares is lower than the issuance price of ZKTeco's initial public offering for twenty consecutive trading days (if ex-right or ex-dividend is carried out due to reasons such as cash dividend distribution, stock dividend, conversion to share capital, or issuance of new shares, corresponding adjustments must be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange), or the closing price is lower than the issuance price of ZKTeco's initial public offering of stocks at the end of the six-month period after listing (if that day is not a trading day, it is the first trading day after that day) (if ex-right or ex-dividend is carried out due to reasons such as cash dividends distribution, stock dividends, conversion to share capital, or issuance of new shares, corresponding adjustments must be made in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange), the lockup period for ZKTeco stocks I hold is automatically extended by six months. The commitment shall not be terminated due to job change or resignation.</p>	August 17, 2022	Long term	Strict performance
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			<p>5. I will faithfully fulfill the above commitments and bear corresponding legal responsibilities. If I fail to fulfill the obligations and responsibilities conferred by this commitment, I will bear any losses suffered by ZKTeco, other shareholders or stakeholders of ZKTeco. The profits from illegal reduction of stocks will belong to ZKTeco.</p> <p>6. If I resign or change my position, it will not affect the validity of this commitment letter, and I will continue to fulfill the above commitments.</p> <p>7. If there are different provisions in laws, regulations, normative documents, as well as the CSRC or Shenzhen Stock Exchange regarding the lockup period of the aforementioned shares and the relevant responsibilities that I should bear due to violating the above commitments, I voluntarily and unconditionally comply with these provisions.</p>			
IPO-related commitments	ZKTeco Times	Commitment to avoid horizontal competition	<p>1. The Company and/or any enterprise controlled by the Company, jointly controlled with others, or with significant influence, currently does not engage in any business or activity that constitutes or may constitute horizontal competition with ZKTeco and enterprises controlled by ZKTeco. The Company and/or enterprises controlled by the Company, jointly controlled with others, and with significant influence will not engage in any business or activities that constitute or may constitute horizontal competition with ZKTeco and enterprises controlled by ZKTeco in the future.</p> <p>2. If, due to changes in national laws, policies, or other unavoidable reasons, the Company and/or enterprises controlled by the Company, jointly controlled with others, or with significant influence, constitute or may constitute horizontal competition with ZKTeco, the Company will cease the business and activities that exist in horizontal competition, or the entrusted management, contracted operation, or acquisition of such business that constitutes horizontal competition, and ZKTeco will enjoy priority under equal conditions.</p> <p>3. If ZKTeco expands into new business areas in the future, ZKTeco enjoys priority. The Company and other enterprises or economic organizations controlled by the Company, jointly controlled with others, and with significant influence (excluding ZKTeco and its subsidiaries) will no longer develop similar businesses.</p> <p>The aforementioned commitment shall come into effect from the date of signing, and shall continue to be valid and irrevocable during the period when the Company serves as the controlling shareholder of ZKTeco. If the Company and other companies controlled by the Company violate the aforementioned commitments, the Company will bear the relevant losses</p>	August 17, 2022	Long term	Strict performance

			suffered by ZKTeco, ZKTeco's other shareholders or stakeholders as a result.			
IPO-related commitments	Che Quanhong	Commitment to avoid horizontal competition	<p>1. I and/or the enterprise controlled by me, jointly controlled with others, or with significant influence, currently does not engage in any business or activity that constitutes or may constitute horizontal competition with ZKTeco and enterprises controlled by ZKTeco. I and/or enterprises controlled by me, jointly controlled with others, and with significant influence will not engage in any business or activities that constitute or may constitute horizontal competition with ZKTeco and enterprises controlled by ZKTeco in the future.</p> <p>2. If, due to changes in national laws, policies, or other unavoidable reasons, I and/or enterprises controlled by me, jointly controlled with others, or with significant influence, constitute or may constitute horizontal competition with ZKTeco, I will cease the business and activities that exist in horizontal competition, or the entrusted management, contracted operation, or acquisition of such business that constitutes horizontal competition, and ZKTeco will enjoy priority under equal conditions.</p> <p>3. If ZKTeco expands into new business areas in the future, ZKTeco enjoys priority. I and other enterprises or economic organizations controlled by me, jointly controlled with others, and with significant influence (excluding ZKTeco and its subsidiaries) will no longer develop similar businesses. The aforementioned commitment shall come into effect from the date of signing, and shall continue to be valid and irrevocable during the period when I serve as the actual controller of ZKTeco. If I and other companies controlled by me violate the aforementioned commitments, I will bear the relevant losses suffered by ZKTeco, ZKTecos other shareholders or stakeholders as a result.</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco Times	Commitment to standardize and reduce related party transactions	<p>1. The Company and/or enterprises controlled by the Company, jointly controlled with others, and with significant influence will make every effort to reduce related party transactions with ZKTeco and other enterprises under its control.</p> <p>2. For necessary and unavoidable related party transactions, the Company guarantees that the related party transactions will be conducted under normal commercial conditions, and does not require ZKTeco and enterprises under its control to provide any conditions superior to those given to third parties in fair market transactions. The related party transactions involved will comply with relevant laws and regulations, the "Articles of Association", and the "Related Party Transaction Management System", and other relevant provisions of the relevant documents. The Company will timely disclose information to ensure that the legitimate rights and interests of ZKTeco and other shareholders are not harmed through related party transactions;</p>	August 17, 2022	Long term	Strict performance

			3. During the period when the Company serves as the controlling shareholder of ZKTeco, the Company will faithfully fulfill the above commitments and assume corresponding legal responsibilities. If the violation of the above commitments by the Company and other enterprises controlled by the Company results in damage to the interests of ZKTeco or the legitimate interests of other shareholders, the Company will bear corresponding compensation responsibilities in accordance with the law.			
IPO-related commitments	Che Quanhong	Commitment to standardize and reduce related party transactions	<p>1. U and/or enterprises controlled by me, jointly controlled with others, and with significant influence will make every effort to reduce related party transactions with ZKTeco and other enterprises under its control.</p> <p>2. For necessary and unavoidable related party transactions, I guarantee that the related party transactions will be conducted under normal commercial conditions, and do not require ZKTeco and enterprises under its control to provide any conditions superior to those given to third parties in fair market transactions. The related party transactions involved will comply with relevant laws and regulations, the "Articles of Association", and the "Related Party Transaction Management System", and other relevant provisions of the relevant documents. The Company will timely disclose information to ensure that the legitimate rights and interests of ZKTeco and other shareholders are not harmed through related party transactions;</p> <p>3. During the period when I serve as the actual controller of ZKTeco, the Company will faithfully fulfill the above commitments and assume corresponding legal responsibilities. If the violation of the above commitments by me and other enterprises controlled by me results in damage to the interests of ZKTeco or the legitimate interests of other shareholders, I will bear corresponding compensation responsibilities in accordance with the law.</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	Che Quanhong, Jin Hairong, Ma Wentao, Fu Zhiqian, Dong Xiuqin, Pang Chunlin, Zhuo Shuyan, Jiang Wenna, Wu Xinke, Liu Jiajia, Wang Youwu, Li Zhinong, and	Commitment to standardize and reduce related party transactions	<p>1. I and my immediate family members/other enterprises controlled by me and my immediate family members will make every effort to reduce related party transactions with ZKTeco and other enterprises under its control.</p> <p>2. For necessary and unavoidable related party transactions, I guarantee that the related party transactions will be conducted under normal commercial conditions, and do not require ZKTeco and enterprises under its control to provide any conditions superior to those given to third parties in fair market transactions. The related party transactions involved will comply with relevant laws and regulations, the "Articles of Association", and the "Related Party Transaction Management System", and other relevant provisions of the relevant documents. The Company will timely disclose information to ensure</p>	August 17, 2022	Long term	Strict performance

	Guo Yanbo		that the legitimate rights and interests of ZKTeco and other shareholders are not harmed through related party transactions; 3. I will faithfully fulfill the above commitments and bear corresponding legal responsibilities. If the violation of the above commitments by me and other enterprises controlled by me results in damage to the interests of ZKTeco or the legitimate interests of other shareholders, I will bear corresponding compensation responsibilities in accordance with the law.			
IPO-related commitments	ZKTeco Times and Che Quanhong	Shareholding and intention to reduce holdings	1. The Company/I will strictly abide by the restrictions on the circulation of ZKTeco shares and the commitment to voluntary lockup issued by the Company/me, and strictly comply with the relevant provisions of laws, regulations, and normative documents. The Company/I will not reduce our holdings of ZKTeco shares during the lockup period. 2. Within two years after the expiration of the lockup period promised by the Company/me, if the Company/I plan(s) to reduce our holdings of ZKTeco shares, the reduction price will not be lower than the issuance price at the time of the initial public offering of the shares (If ZKTeco pays dividends, issues bonus shares or converts capital reserve into share capital during this period, the issuance price shall be adjusted accordingly.). 3. After the expiration of the lockup period promised by the Company/me, the Company/I will reduce our holdings of ZKTeco stocks in strict accordance with the relevant provisions of the "Company Law", "Securities Law", CSRC, and stock exchange. 4. If the Company/I obtain(s) (excess) income due to failure to fulfill the above commitments, the (excess) income shall belong to ZKTeco and shall be paid to the designated account of ZKTeco within five days of receiving the income. If the Company/I fail(s) to fulfill the above commitments and cause(s) losses to ZKTeco or other investors, the Company/I will bear compensation liability to ZKTeco or other investors in accordance with the law.	August 17, 2022	Long term	Strict performance
IPO-related commitments	JYSJ, JYHY and LX Investment	Shareholding and intention to reduce holdings	1. The enterprise will not reduce its holdings of ZKTeco stocks during the lockup period in strict accordance with the commitments issued by the enterprise regarding the circulation restrictions and voluntary lockup of its holdings of ZKTeco shares, and with the relevant provisions of laws, regulations, and normative documents. 2. After the expiration of the lockup period promised by the enterprise, if the enterprise plans to reduce its holdings, it will notify ZKTeco of the reduction in accordance with the regulations of the CSRC and the Shenzhen Stock Exchange, and after the reduction is announced, it will reduce its holdings in	August 17, 2022	Long term	Strict performance

			<p>accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange.</p> <p>If the enterprise fails to fulfill the above commitments, it will agree to bear the legal liability arising from the violation of the above commitments.</p>			
IPO-related commitments	ZKTeco	Commitment to stabilizing stock prices	<p>Within three years from the date of the official listing of the Company's stocks, if there is a situation where the closing price of the stocks for 20 consecutive trading days is lower than the latest audited net assets per share of the Company, it will meet the starting conditions of the stable stock price plan.</p> <p>When the closing price of the Company's stock for 20 consecutive trading days is lower than the latest audited net assets per share of the Company, it reaches the starting condition of the stable stock price plan. The Company shall convene a board meeting within 10 trading days to review specific plans for stabilizing the Company's stock price, clarify the implementation period of such specific plans, and initiate the implementation of specific plans for stabilizing the stock price within 5 trading days after the approval of such plans by the shareholders' meeting.</p> <p>When the Company meets the starting conditions for the stable stock price plan, the Company, controlling shareholders, directors (excluding independent directors), and senior managers will carry out the implementation in the following order:</p> <ol style="list-style-type: none"> ① Company repurchase; ② Increase in holdings by controlling shareholders; ③ Directors (excluding independent directors) and senior managers increase their holdings. Until the stopping conditions of the stable stock price plan are met. 	August 17, 2022	August 16, 2025	Fulfilled
IPO-related commitments	ZKTeco Times, Che Quanhong, Jin Hairong, Ma Wentao, Fu Zhiqian, Wang Youwu, Li Zhinong, and Guo Yanbo	Commitment to stabilizing stock prices	<p>When the Company initiates a stock price stabilizing plan in accordance with the "Plan for Stabilizing the Stock Price within Three Years after Listing", it will fulfill corresponding obligations in accordance with the law in strict accordance with the requirements of the stock price stabilizing plan.</p>	August 17, 2022	August 16, 2025	Fulfilled
IPO-related commitments	Mu Wenting	Commitment to stabilizing stock prices	<p>When the Company initiates a stock price stabilizing plan in accordance with the "Plan for Stabilizing the Stock Price within Three Years after Listing", it will fulfill corresponding obligations in accordance with the law in strict accordance with the requirements of the stock price stabilizing plan.</p>	August 17, 2022	August 16, 2025	Fulfilled

IPO-related commitments	ZKTeco	Commitment letter regarding the absence of false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials	<p>There are no false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials of the Company's initial public offering of stocks and listing on the ChiNext.</p> <p>If it is determined by the CSRC, Shenzhen Stock Exchange, or other competent departments that there are false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials of the Company's initial public offering of stocks and listing on the ChiNext, which constitutes a significant and substantial impact on determining whether the Company meets the issuance conditions stipulated by law: Within 10 trading days from the date when the Shenzhen Stock Exchange or other competent departments determine that the Company has the aforementioned situation, the Company will convene a board meeting and propose to convene a shareholders' meeting to review the proposal to repurchase all shares issued for the initial public offering. The repurchase price will be determined based on the issuance price and with reference to relevant market factors.</p> <p>If it is determined by the CSRC, Shenzhen Stock Exchange, or other competent departments that there are false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials of the Company's initial public offering of stocks and listing on the ChiNext, resulting in losses to investors in securities trading, the Company will compensate investors for losses in accordance with the law according to the relevant decisions of the CSRC, Shenzhen Stock Exchange, or other competent departments.</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco Times and Che Quanhong	Commitment letter regarding the absence of false records, misleading statements, or significant omissions in the prospectus and other information disclosure	<p>The prospectus and other information disclosure materials of ZKTeco's initial public offering of stocks and listing on the ChiNext are true, accurate, and complete, without any false records, misleading statements, or significant omissions.</p> <p>If it is determined by the CSRC, Shenzhen Stock Exchange, or other competent departments that ZKTeco has false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials of its initial public offering of stocks and listing on the ChiNext, resulting in losses to investors in securities issuance and trading, the Company/I will compensate investors for losses in accordance with the law according to the provisions of the relevant decisions of the CSRC, Shenzhen Stock Exchange or other authorized departments.</p> <p>If it is determined by the CSRC, Shenzhen Stock Exchange, or other competent departments that there are false records, misleading statements, or</p>	August 17, 2022	Long term	Strict performance

		materials	significant omissions in the prospectus and other information disclosure materials of ZKTeco's initial public offering of stocks and its listing on the ChiNext, which constitutes a significant and substantial impact on determining whether ZKTeco meets the issuance conditions stipulated by law, the Company/I will urge ZKTeco to repurchase all new shares issued in the initial public offering in accordance with the law, and at the same time, the Company/I will repurchase the original restricted shares that have been transferred at the price in the secondary market in accordance with the law. When the Company/I repurchase(s) stocks, we will comply with the relevant provisions of the "Company Law", "Securities Law", CSRC and Shenzhen Stock Exchange, as well as the "Articles of Association".			
IPO-related commitments	Che Quanhong, Jin Hairong, Ma Wentao, Fu Zhiqian, Dong Xiuqin, Pang Chunlin, Zhuo Shuyan, Jiang Wenna, Wu Xinke, Liu Jiajia, Wang Youwu, Li Zhinong, and Guo Yanbo	Commitment letter regarding the absence of false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials	There are no false records, misleading statements, or significant omissions in the prospectus and other information disclosure materials of the Company's initial public offering of stocks and listing on the ChiNext. If there are false records, misleading statements, or significant omissions in the Company's prospectus and other information disclosure materials, resulting in losses to investors in securities issuance and trading, I will compensate the investors for the losses in accordance with the law. If I fail to fulfill the above commitments, I will publicly explain the specific reasons for my failure in the Company's shareholders' meeting and newspapers and magazines designated by the CSRC, apologize to the Company's shareholders and public investors, and cease receiving salary, allowances, and shareholder dividends from the Company from the date of violating the above commitments. Meanwhile, my shares directly or indirectly held in the Company will not be transferred, until I take corresponding compensation measures according to the above commitments and implement them completely.	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco Times and Che Quanhong	Commitment to fill in diluted immediate returns	(1) Do not interfere with the Company's management activities beyond my authority, and do not encroach on the Company's interests. (2) From the date of issuance of this commitment letter to the completion of the Company's public offering of stocks, if the CSRC makes other new regulatory provisions on filling in return measures and commitments, and the above commitments cannot meet the requirements of the CSRC, the commitment will be issued in accordance with the latest regulations of the CSRC. I promise to effectively fulfill relevant measures for filling in returns in the Company's system and any commitments made regarding these measures. If I violate these commitments and cause losses to the Company or investors, I	August 17, 2022	Long term	Strict performance

			will be liable for compensation for the Company or investors in accordance with the law.			
IPO-related commitments	ZKTeco, Che Quanhong, Jin Hairong, Ma Wentao, Fu Zhiqian, Dong Xiuqin, Pang Chunlin, Zhuo Shuyan, Wang Youwu, Li Zhinong, and Guo Yanbo	Commitment on guarantee measures for filling in the diluted immediate return	<p>"In order to ensure the effective implementation of the Company's compensation measures, the Company, directors, and senior managers make the following commitments:</p> <p>(1) They will not transfer benefits to other units or individuals free of charge or under unfair conditions, nor will they damage the interests of the Company in other ways;</p> <p>(2) They will constrain duty consumption behavior;</p> <p>(3) They will not use company assets to engage in investment or consumption activities unrelated to their performance of duties;</p> <p>(4) They will actively promote the further improvement of the Company's compensation system, and fully support the linkage between the compensation system formulated by the Company's Board of Directors or compensation committee and the implementation of the Company's compensation measures;</p> <p>(5) If the Company launches an equity incentive plan in the future, I promise to make every effort within my own responsibilities and authority to link the exercise conditions of the equity incentive that the Company intends to announce with the implementation of the Company's compensation and return measures;</p> <p>(6) From the date of issuance of this commitment letter to the completion of the Company's public offering of stocks, if the CSRC makes other new regulatory provisions on filling in return measures and commitments, and the above commitments cannot meet the requirements of the CSRC, the commitment will be issued in accordance with the latest regulations of the CSRC.</p> <p>I promise to effectively fulfill relevant measures for filling in returns in the Company's system and any commitments made regarding these measures. If I violate these commitments and cause losses to the Company or investors, I will be liable for compensation for the Company or investors in accordance with the law."</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco	Commitment on relevant binding measures in case of failure to fulfill	<p>If the Company fails to fulfill the commitments disclosed in the prospectus, the specific reasons for the failure will be disclosed through the Company's shareholders' meeting, securities regulatory authority, or designated channels of the Shenzhen Stock Exchange, as appropriate, and supplementary or alternative commitments will be proposed to the Company's investors to protect their rights and interests as much as possible.</p> <p>If investors suffer losses in securities trading due to the Company's failure to</p>	August 17, 2022	Long term	Strict performance

		commitments	fulfill relevant commitments, the Company will compensate the investors for the relevant losses in accordance with the law. Within 10 days after the securities regulatory authority or other competent departments determine that the Company has the aforementioned situation, the Company will initiate relevant work to compensate investors for losses. Investor losses are determined based on the amount determined through consultation with investors, or based on methods or amounts recognized by securities regulatory authorities or judicial authorities.			
IPO-related commitments	ZKTeco Times	Commitment on relevant binding measures in case of failure to fulfill commitments	<p>1. If the Company fails to fulfill the commitments disclosed in the prospectus, the specific reasons for the failure will be disclosed through ZKTeco's shareholders' meeting, securities regulatory authority, or designated channels of the Stock Exchange, as appropriate, and supplementary or alternative commitments will be proposed to ZKTeco's investors to protect their rights and interests as much as possible.</p> <p>2. If investors suffer losses in securities trading due to the Company's failure to fulfill relevant commitments, the Company will compensate the investors for the relevant losses in accordance with the law.</p> <p>3. If the Company fails to bear the aforementioned compensation liability, the shares of ZKTeco held by the Company shall not be transferred until the Company has fulfilled the aforementioned compensation liability, and ZKTeco has the right to deduct the cash dividends distributed to the Company for bearing the aforementioned compensation liability.</p> <p>4. During the period when the Company serves as the controlling shareholder of ZKTeco, if ZKTeco fails to fulfill the commitments disclosed in the prospectus and causes losses to investors, the Company promises to bear compensation liability in accordance with the law.</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	Che Quanhong	Commitment on relevant binding measures in case of failure to fulfill commitments	<p>1. If I fail to fulfill the commitments disclosed in the prospectus, the specific reasons for the failure will be disclosed through ZKTeco's shareholders' meeting, securities regulatory authority, or designated channels of the Stock Exchange, as appropriate, and supplementary or alternative commitments will be proposed to ZKTeco's investors to protect their rights and interests as much as possible.</p> <p>2. If investors suffer losses in securities trading due to my failure to fulfill relevant commitments, I will compensate the investors for the relevant losses in accordance with the law.</p> <p>3. If I fail to bear the aforementioned compensation liability, the shares of ZKTeco held by me shall not be transferred until I have fulfilled the aforementioned compensation liability, and ZKTeco has the right to deduct the</p>	August 17, 2022	Long term	Strict performance

			cash dividends distributed to me for bearing the aforementioned compensation liability. 4. During the period when I serve as the actual controller of ZKTeco, if ZKTeco fails to fulfill the commitments disclosed in the prospectus and causes losses to investors, I promise to bear compensation liability in accordance with the law.			
IPO-related commitments	Che Quanhong, Jin Hairong, Ma Wentao, Fu Zhiqian, Dong Xiuqin, Pang Chunlin, Zhuo Shuyan, Jiang Wenna, Wu Xinke, Liu Jiajia, Wang Youwu, Li Zhinong, and Guo Yanbo	Commitment on relevant binding measures in case of failure to fulfill commitments	1. If I fail to fulfill the public commitments made by myself in the prospectus of ZKTeco's initial public offering and listing on the ChiNext: (1) I will publicly explain the specific reasons for not fulfilling my commitments in the Company's shareholders' meeting and newspapers and magazines designated by the CSRC, and apologize to the Company's shareholders and public investors. (2) I will stop receiving my salary within 10 trading days from the date of the aforementioned event, and my shares directly or indirectly held in the Company (if any) shall not be transferred until I fulfill the relevant commitments. 2. If I fail to fulfill the relevant commitments, I will be liable for compensation to the Company or investors in accordance with the law.	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco	Commitment to repurchase shares for fraudulent issuance and listing	(1) The Company guarantees that there will be no fraudulent issuance of shares in this public offering and listing on the ChiNext. (2) If the securities regulatory authorities, stock exchanges, or judicial authorities determine that the Company has engaged in fraudulent issuance behavior, which has a significant substantive impact on determining whether the Company meets the issuance conditions stipulated by law, the Company will initiate the share repurchase procedure in accordance with relevant laws and regulations and the Company's Articles of Association within 5 working days after final determination by the securities regulatory authorities, stock exchanges, or judicial authorities to repurchase all new shares issued by the Company in this public offering.	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco Times and Che Quanhong	Commitment to repurchase shares for fraudulent issuance and listing	(1) Guarantee that there will be no fraudulent issuance of shares in ZKTeco's public offering and listing on the ChiNext. (2) If the securities regulatory authorities, stock exchanges, or judicial authorities determine that ZKTeco has engaged in fraudulent issuance, the Company/I will initiate a share repurchase procedure within 5 working days after confirmation by the securities regulatory authorities, stock exchanges, or judicial authorities to repurchase all original restricted shares transferred by the Company/me.	August 17, 2022	Long term	Strict performance
IPO-related	Che Quanhong,	Commitment	(1) I guarantee that there is no fraudulent issuance of ZKTeco's initial public	August 17,	Long term	Strict

commitments	Jin Hairong, Ma Wentao, Fu Zhiqian, Dong Xiuqin, Pang Chunlin, Zhuo Shuyan, Jiang Wenna, Wu Xinke, Liu Jiajia, Wang Youwu, Li Zhinong, and Guo Yanbo	to repurchase shares for listing	<p>offering and listing on the ChiNext.</p> <p>(2) If the securities regulatory authorities, stock exchanges, or judicial authorities determine that ZKTeco has engaged in fraudulent issuance behavior, causing investors to suffer losses in securities issuance and trading, I will compensate investors for their losses in accordance with the law after the securities regulatory authorities, stock exchanges, or judicial authorities determine the compensation liability.</p> <p>(3) If I violate the above commitments, I will publicly explain the specific reasons for my failure to fulfill them in the shareholders' meeting of ZKTeco and newspapers and magazines designated by the CSRC, and apologize to shareholders and public investors. Within 5 working days from the date of the violation of the above commitments, I will stop receiving salary or allowances and shareholder dividends from ZKTeco, and my shares in ZKTeco will not be transferred, until I take corresponding compensation measures according to the above commitments and implement them completely.</p>	2022		performance
IPO-related commitments	ZKTeco	Special commitment on shareholder information disclosure	<p>The Company's shareholders include ZKTeco Times, Che Quanhong, LX Investment, JYSJ, JYHY, JYLX, JYQL, Shenzhen Fuhai Junyong No.1 Venture Capital Enterprise (Limited Partnership), Yiwu Huaxin Vision Venture Capital Center (Limited Partnership), and Qingdao Walden Zhongxiang Investment Center (Limited Partnership). Among them, Che Quanhong is the actual controller of the Company, ZKTeco Times is a limited liability company jointly held by Che Quanhong and his brother Che Quanzhong, LX Investment is a limited partnership jointly held by Che Quanhong and his father Che Jun, and natural person De Wang, and JYSJ, JYHY, JYLX and JYQL are the employee stock holding platform of the Company, and Shenzhen Fuhai Junyong No.1 Venture Capital Enterprise (Limited Partnership), Yiwu Huaxin Vision Venture Capital Center (Limited Partnership), and Qingdao Walden Zhongxiang Investment Center (Limited Partnership) are investors introduced by the Company. Shenzhen Fuhai Junyong No.1 Venture Capital Enterprise (Limited Partnership), Yiwu Huaxin Vision Venture Capital Center (Limited Partnership), and Qingdao Walden Zhongxiang Investment Center (Limited Partnership) are private investment funds registered with the Asset Management Association of China (AMAC). The aforementioned entities all have the qualification to hold shares in the Company, and there is no situation where entities prohibited by laws and regulations from holding shares directly or indirectly hold shares in the Company. The intermediary or its responsible persons, senior managers, or handlers involved in this issuance do not directly or indirectly hold any shares</p>	August 17, 2022	Long term	Strict performance

			<p>or other interests of the Company. There is no situation where shareholders of the Company engage in improper transfer of benefits through the Company's equity.</p> <p>The Company and its shareholders have promptly provided truthful, accurate, and complete information to the intermediary involved in this issuance, actively and comprehensively cooperated with the intermediary involved in this issuance to conduct due diligence, and truthfully, accurately, and completely disclosed shareholder information in the application documents for this issuance in accordance with the law, fulfilling the obligation of information disclosure.</p>			
IPO-related commitments	ZKTeco Times and Che Quanhong	Other commitments	<p>If a lawsuit, arbitration dispute, or administrative penalty occurs due to the Company's involvement in the installation and use of unauthorized software, we voluntarily and jointly bear all economic consequences and losses for the Company, and will not seek compensation from the Company under any conditions or methods.</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco Times and Che Quanhong	Other commitments	<p>1. If ZKTeco (including its predecessor) and its controlling subsidiaries fail to pay social insurance premiums and/or housing provident fund for employees in accordance with the law or in full, causing ZKTeco and/or its controlling subsidiaries to have a supplementary payment obligation or suffer any fines or losses, the Company/I will unconditionally and voluntarily bear such supplementary payment obligation, fines or losses to ensure that ZKTeco and its holding subsidiaries do not suffer any economic losses due to such matters.</p> <p>2. If ZKTeco (including its predecessor) and its controlling subsidiaries use labor employment methods in certain positions, causing ZKTeco and/or its controlling subsidiaries to suffer any fines or losses, the Company/I will unconditionally and voluntarily bear such fines or losses to ensure that ZKTeco and its controlling subsidiaries do not suffer any economic losses due to such matters.</p> <p>The aforementioned commitments are unconditional and irrevocable. The Company/I will bear any losses suffered by stakeholders as a result of violating the aforementioned commitments.</p>	August 17, 2022	Long term	Strict performance
IPO-related commitments	ZKTeco Times and Che Quanhong	Other commitments	<p>If the Company is unable to continue using the defective property due to defects, or if the relevant government authorities require the demolition of the relevant property or impose penalties on the Company in the future, they will unconditionally bear all losses, costs, and expenses incurred by the Company arising therefrom.</p>	August 17, 2022	Long term	Strict performance
Whether the commitment is	Yes					

fulfilled on time	
If the commitment is not fulfilled within the promised period, a detailed explanation of the specific reasons for the incomplete fulfillment and the next work plan should be provided.	Not applicable

2. If there are assets or projects of the Company which have profit forecast while the reporting period is still in the profit forecast period, the Company shall state whether the assets or projects meet the original profit forecast and the reasons

Applicable Not applicable

3. Performance commitments of the Company

Applicable Not applicable

Commitment context	Undertaking Party	Term of commitments	Commitment indicators	Committed amount (RMB '0,000)	Actual achieved amount (RMB '0,000)	Completion rate (%)
The Company signed the "Equity Acquisition Agreement for Shenzhen Longzhiyuan Technology Co., Ltd." with Shenzhen Longzhiyuan Technology Co., Ltd. and its shareholders Yu Mengchu, Li Weihua, Shenzhen Chengtian Enterprise Management Co., Ltd., Shenzhen Longdingxing Enterprise Management Partnership (Limited Partnership), Shenzhen Longjuxin Investment Partnership (Limited Partnership), Shenzhen Longhexin Investment Partnership (Limited Partnership), Shenzhen Longyixin Investment Partnership (Limited Partnership), Shenzhen Wolonghui Investment Partnership (Limited Partnership), and Li Weixiong. After the completion of the industrial and commercial change registration for the equity change, Shenzhen Longzhiyuan Technology Company Limited by Shares was renamed Shenzhen Longzhiyuan Technology Co., Ltd., becoming a controlling subsidiary of the Company and included in the Company's consolidated financial statements. Some transaction counterparties made performance commitments for this transaction.	Yu Mengchu, Li Weihua, Shenzhen Chengtian Enterprise Management Co., Ltd.	2025-2027	Net profit	30,000	7,266.26	24.22

Changes in performance commitments

Applicable Not applicable

Commitments made by the Company's shareholders and transaction counterparties regarding the annual operating performance of the Company or relevant assets

Applicable Not applicable

On October 17, 2025, the Company entered into an "Equity Acquisition Agreement for Shenzhen Longzhiyuan Technology Co., Ltd." with Shenzhen Longzhiyuan Technology Co., Ltd. and its shareholders. Transaction counterparties Yu Mengchu, Li Weihua, and

Shenzhen Chengtian Enterprise Management Co., Ltd. made a performance commitment for Shenzhen Longzhiyuan Technology Co., Ltd. from 2025 to 2027. The parties jointly committed that the net profit of the target company in 2025, 2026, and 2027 shall not be less than RMB 90 million, RMB 100 million, and RMB 110 million respectively, with a cumulative total of not less than RMB 300 million. "Net profit" refers to the net profit attributable to the parent company's shareholders after deducting non-recurring profits and losses and excluding the impact of share-based payment in the accounting firm's financial statements of the target company as audited by the accounting firm engaged by ZKTeco.

Completion of performance commitments and its impact on goodwill impairment test

Longzhiyuan's audited net profit for 2025 was RMB 72.6626 million, which was RMB 17.3374 million lower than the committed amount, failing to fulfill the performance commitment for the current year. Longzhiyuan failed to meet its annual performance commitment due to declining market demand, which led to a decrease in business volume. According to Longzhiyuan's management forecast, Longzhiyuan is expected to complete its three-year cumulative performance commitment, thus having no impact on the goodwill impairment test for the current period.

II. Non Operating Occupation of Funds by Controlling Shareholders and Other Related Parties of Listed Company

Applicable Not applicable

During the reporting period, there was no non-operating occupation of funds by controlling shareholders or other related parties of the listed company.

III. Illegal Provision of Guarantees for External Parties

Applicable Not applicable

There were no illegal external guarantees during the reporting period of the Company.

IV. Explanation Given by the Board of Directors regarding the Latest "Non-standard Audit Report"

Applicable Not applicable

V. Explanation Given by the Board of Directors, Audit Committee, and Independent Directors (if any) regarding the "Non-standard Audit Report" Issued by the Accounting Firm for the Current Reporting Period

Applicable Not applicable

VI. Explanation Given by the Board of Directors regarding Changes in Accounting Policies, Accounting Estimates, or Correction of Major Accounting Errors during the Reporting Period

Applicable Not applicable

VII. Explanation for Changes in the Scope of Consolidated Financial Statements Compared to the Financial Report for the Previous Year

Applicable Not applicable

1. Business merger not under common control in the current period

Name of the acquiree	Time point for equity acquisition	Cost for equity acquisition	Percentage of acquired equity (%)	Means for equity acquisition
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	November 18, 2025	RMB 416.35 million	55.00	Purchase

Continued:

Name of the acquiree	Acquisition date	Determination basis for acquisition date	Revenue of the acquiree from the acquisition date to the end of term	Net profit of the acquiree from the acquisition date to the end of term	Cash flow of the acquiree from the date of acquisition to the end of term
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	November 18, 2025 [Note]	Date of obtaining control over the target company	44,651,064.61	7,802,920.54	15,500,616.41

Note: According to the 22nd Session of the Third Board Meeting of the Company, the Company signed the "Equity Acquisition Agreement" with Yu Mengchu, Li Weihua, Chengtian Limited, Longdingxing, Longjuxin, Longhexin, Longyixin, Wolonghui, and Li Weixiong on October 17, 2025. The Company acquired 55% equity of Shenzhen Longzhiyuan Technology Co., Ltd. collectively held by Yu Mengchu, Li Weihua, Chengtian Limited, Longdingxing, Longjuxin, Longhexin, Longyixin, Wolonghui, and Li Weixiong for RMB 416,350,000. The Company had paid 50% of the equity transfer payment, RMB 208,175,000, by December 31, 2025. Shenzhen Longzhiyuan Technology Co., Ltd. completed the industrial and commercial change registration procedures on November 18, 2025. Concurrently, the new Board of Directors of Shenzhen Longzhiyuan Technology Co., Ltd. was established on November 18, 2025. In the new Board of Directors, the directors dispatched by the Company constituted a majority, and the Company obtained de facto control over the Company on November 18, 2025. For easier accounting, it was included in the scope of the consolidated financial statements from December 1, 2025.

2. Changes in the scope of consolidation due to other reasons

S/N	Company Name	Establishment Date	Registered Capital	Percentage of shares (%)	Reason for Change
1	ZKTECO ROMANIAS.R.L.	September 8, 2022	RON 250.00	100.00	Cancellation [Note 1]
2	NUR ALTTKNWLWJIA COMPANY	August 14, 2025	SAR 5,625,000.00	60.00	Establishment

Note 1: On April 23, 2025, ZKTECO ROMANIA S.R.L. completed its company deregistration.

VIII. Appointment and Dismissal of Accounting Firms

Accounting firm currently employed

Name of domestic accounting firms	Zhonghui Certified Public Accountants (Special General Partnership)
Remuneration of domestic accounting firms (RMB '0,000)	175
Continuous years of audit services of domestic accounting	2 years

firms	
Name of certified public accountant (CPA) of domestic accounting firms	Yin Wenwen and Yuan Zongzhi
Continuous years of audit services provided by certified public accountant (CPA) of domestic accounting firms	1 year, 2 years
Name of overseas accounting firms (if any)	Not applicable
Continuous years of audit services by overseas accounting firms (if any)	Not applicable
Name of certified public accountant (CPA) of overseas accounting firms (if any)	Not applicable

Whether the accounting firm was changed in the reporting period

Yes No

Appointment of audit accounting firms, financial advisors or sponsors for internal control

Applicable Not applicable

IX. Delisting after the Disclosure of the Annual Report

Applicable Not applicable

X. Matters Related to Bankruptcy Reorganization

Applicable Not applicable

There were no bankruptcy or restructuring related matters during the reporting period of the Company.

XI. Material Litigation and Arbitration

Applicable Not applicable

Basic information of litigation (arbitration)	Amount involved (RMB '0,000)	Is there an estimated liability formed	Progress of litigation (arbitration)	Litigation (arbitration) trial results and effects	Execution of litigation (arbitration) judgments	Disclosure Date	Disclosure Index
Unfair competition dispute filed by the Company against Zokon Industry	200	No	Implementation stage	The second instance court ruled that Zokon Industry compensate the Company and Shenzhen ZKTeco for a loss of RMB 2 million	As Zokon Industry has no sufficient assets available for execution and is unable to repay its due debts, the Company submitted a "Bankruptcy Liquidation Application" to the Shenzhen Intermediate People's Court on January 6, 2025, requesting the court to conduct a bankruptcy liquidation of Zokon Industry. The Shenzhen Intermediate People's Court filed the case on January 16, 2025, with the case number (2025) Y 03 PS No. 131. On April 22, 2025, the Shenzhen Intermediate People's Court issued Civil Ruling (2025) Y 03 PS No. 131, ruling to accept the bankruptcy liquidation application filed by the Company against Zokon Industry, with case number (2025) Y 03 P No. 407. On June 26, 2025, the court appointed an administrator for Zokon Industry's bankruptcy liquidation case and issued a notice for creditors to declare their claims. The Company filed relevant claims on July 30, 2025, and received the bankruptcy administrator's preliminary claim review letter on August 11, 2025. On September 2, 2025, the Company received the "Voting Report of the First Creditors' Meeting for the Bankruptcy Liquidation Case of Shenzhen Zokon Industry Development Co., Ltd." issued by the bankruptcy administrator. The voting results were: the bankruptcy administrator had no objection to the "Debt Statement", and approved the "Asset Management Plan", "Asset Realization Plan", and "Bankruptcy Property Distribution Plan", and selected Taobao.com as the online auction platform. On March 26, 2026, the Company received the "Report on Adjusting the Amount of Ordinary Claims" issued by the bankruptcy administrator, which explicitly stipulated that RMB 600,000 debt owed by the Company to Zokon Industry in the case of "Zokon Industry vs. the Company and Shenzhen Xinjiacheng Intelligent Technology	August 27, 2025	CNINFO (http://www.cninfo.com.cn) "2025 Half Year Report of ZKTECO CO., LTD." (Announcement No. 2025-073)

					Co., Ltd. for Trademark Infringement and Unfair Competition Dispute" should be offset against the claims declared in the bankruptcy case. On April 1, 2026, the Company received Ruling No. (2025) Yue 03 Po 407-5 from the Shenzhen Intermediate People's Court. As Zokon Industry had no assets available for distribution, the court issued a ruling to terminate Zokon Industry's bankruptcy proceedings.		
Disputes filed by Zokon Industry over infringement of trademark rights and unfair competition against the Company and Shenzhen Xinjiacheng Intelligent Technology Co., Ltd.	60	Yes, it has been offset.	As RMB 600,000 owed by the Company has been confirmed in the bankruptcy liquidation proceedings of Zokon Industry, this case is closed.	The Company has suspended the description of "Zokon" on relevant platforms and compensated Zokon Industry with a total of RMB 600,000 for economic losses and reasonable expenses for rights protection; the judgment result has no significant impact on the Company's production and operation	The Company notified Zokon Industry and its attorneys in March 2024 and the Shenzhen Intermediate People's Court in April 2024 to offset the debt related to the unfair competition dispute between the Company and Zokon Industry in this case. That is, the amount payable by the Company to Zokon Industry in this case was fully offset against the amount payable by Zokon Industry to the Company based on the Company's lawsuit against Zokon Industry in the unfair competition dispute case. No judgment payment is required in this case. In the case of "Unfair competition dispute filed by the Company against Zokon Industry", the Company declared RMB 600,000 debt owed to Zokon Industry. On March 26, 2026, the Company received the "Report on Adjusting the Amount of Ordinary Claims" issued by the bankruptcy administrator, which explicitly stipulated that RMB 600,000 debt owed by the Company to Zokon Industry in the case of "Zokon Industry vs. the Company and Shenzhen Xinjiacheng Intelligent Technology Co., Ltd. for Trademark Infringement and Unfair Competition Dispute" should be offset against the claims declared in the bankruptcy case.	August 30, 2024	CNINFO (http://www.cninfo.com.cn) "2024 Half Year Report of ZKTECO CO., LTD." (Announcement No. 2024-037)
Other lawsuits/arbitrations where the Company (including subsidiary companies in the consolidated financial statements) as the plaintiff fails to	2,511.24	No	The Company strictly follows the progress of each case	No significant impact	The Company strictly follows the progress of each case	August 27, 2025	CNINFO (http://www.cninfo.com.cn) "2025 Half Year Report of ZKTECO CO., LTD." (Announcement No. 2025-073)

meet the disclosure standards for major lawsuits							
Other lawsuits/arbitrations where the Company (including subsidiary companies in the consolidated financial statements) as the defendant fails to meet the disclosure standards for major lawsuits	222.67	No	The Company strictly follows the progress of each case	No significant impact	The Company strictly follows the progress of each case	August 27, 2025	CNINFO (http://www.cninfo.com.cn) "2025 Half Year Report of ZKTECO CO., LTD." (Announcement No. 2025-073)

XII. Punishment and Rectification

Applicable Not applicable

There were no penalties or rectifications during the reporting period of the Company.

XIII. The Integrity of the Company, Its Controlling Shareholders, and Actual Controllers

Applicable Not applicable

During the reporting period, the Company, its controlling shareholders, and actual controllers were in good faith, and there were no instances of failure to fulfill effective court judgments or outstanding debts of significant amounts.

XIV. Significant Related-Party Transactions

1. Related-party transactions related to daily operations

Applicable Not applicable

There were no related party transactions related to daily operations during the reporting period of the Company.

2. Related-party transactions arising from the acquisition and sale of assets or equity

Applicable Not applicable

There were no related party transactions related to asset or equity acquisitions or sales during the reporting period of the Company.

3. Related-party Transactions Arising from Joint Investments on External Parties

Applicable Not applicable

During the reporting period, the Company did not engage in any related party transactions related to joint foreign investment.

4. Related Credit and Debt Transactions

Applicable Not applicable

There were no current associated rights of credit and liabilities during the reporting period of the Company.

5. Transactions with Related Financial Companies

Applicable Not applicable

There is no deposit, loan, credit or other financial businesses between the Company and its affiliated financial companies and related parties.

6. Transactions between financial companies controlled by the Company and related parties

Applicable Not applicable

There is no deposit, loan, credit or other financial businesses between the financial company controlled by the Company and its affiliated parties.

7. Other significant related party transactions

Applicable Not applicable

Please refer to the "Announcement on Signing a Lease Contract and Related Party Transaction" (Announcement No.: 2025-103) disclosed by the Company on CNINFO on December 26, 2025.

Related Queries on the Disclosure Website of Temporary Reports on Major Related Party Transactions

Temporary Announcement Name	Temporary Announcement Disclosure Date	Temporary Announcement Disclosure Website Name
Announcement on Signing a Lease Contract and Related Party Transaction	December 26, 2025	CNINFO http://www.cninfo.com.cn

XV. Significant Contracts and Their Performance

1. Custody, contracting, and leasing matters

(1) Custody

Applicable Not applicable

There was no custody during the reporting period of the Company.

(2) Contracting

Applicable Not applicable

There was no contracting during the reporting period of the Company.

(3) Leasing

Applicable Not applicable

Description of leasing

During the reporting period, the Company and its subsidiaries rented offices at relevant locations for business use due to operational needs, and both parties have signed housing rental contracts.

Projects that bring profits and losses to the Company that exceed 10% of the total profit during the reporting period

Applicable Not applicable

There are no leasing projects that bring profits or losses to the Company during the reporting period that exceed 10% of the total profits of the Company during the reporting period.

2. Significant guarantee

Applicable Not applicable

The Company had no material guarantees during the reporting period.

3. Entrustment of others to manage cash assets

(1) Entrustment of financial management

Applicable Not applicable

Overview of entrusted financial management during the reporting period

Unit: RMB '0,000

Product Category	Risk Characteristics	Balance of entrusted financial management during the reporting period	Overdue uncollected amount
Bank financial products	Low risk	84,156.40	0
Other categories	Low risk	71.88	0

Specific situation of the Company, as a sole principal, entrusting financial institutions to conduct asset management activities, or investing in high-risk entrusted financial products with lower security and poorer liquidity

Applicable Not applicable

(2) Entrusted loan

Applicable Not applicable

There were no entrusted loans during the reporting period of the Company.

4. Other significant contracts

Applicable Not applicable

There were no other significant contracts during the reporting period of the Company.

XVI. Use of Raised Funds

Applicable Not applicable

1. Overall use of raised funds

Applicable Not applicable

Unit: RMB '0,000

Year of fundraising	Fundraising method	Listing date of securities	Total amount of raised funds	Net amount of raised funds (1)	Total amount of raised funds used in this period	Accumulated total amount of raised funds used (2)	Proportion of raised funds utilized at the end of the reporting period (3) = (2)/(1)	Total amount of raised funds with changed purposes during the reporting period	Accumulated total amount of raised funds with changed purposes	Proportion of accumulated total amount of raised funds with change purposes	Total amount of unused raised funds	The purpose and destination of the raised funds that have not been used yet	Amount of raised funds idle for more than two years
2022	Initial public offering	August 17, 2022	160,816.89	145,729.84	11,200.63	74,201.94	50.92%	0	32,085.41	22.02%	75,576.77	Stored in the bank's special account for fundraising and wealth management	0
Total	--	--	160,816.89	145,729.84	11,200.63	74,201.94	50.92%	0	32,085.41	22.02%	75,576.77	--	0

Description of the overall use of raised funds:

1. According to the approval of the "Reply of CSRC to Approval for the Registration of Initial Public Offering of Stocks of ZKTECO CO., LTD." (ZJXX [2022] No. 926), the Company has publicly issued 37,123,013 RMB denominated ordinary shares (A shares) with a face value of RMB 1.00 per share, an issuance price of RMB 43.32 per share, and a total amount of raised funds of RMB 1,608,168,923.16. After deducting the issuance expenses (excluding value-added tax) of RMB 150,870,545.46, the actual net amount of raised funds is RMB 1,457,298,377.70. The receipt date of the raised funds is August 12, 2022. The availability of the raised funds has been verified by Baker Tilly China Certified Public Accountants (Special General Partnership) and a "Capital Verification Report" (TZYZ [2022] No. 38658) has been issued.

2. All the raised funds mentioned above have been deposited in a special account for raised funds for management, and a regulatory agreement for raised funds has been signed with the sponsor and the commercial bank that deposited the raised funds.

3. As of December 31, 2025, the cumulative amount used for the investment projects was RMB 742,019,389.93, and the balance of the remaining raised funds (including interest income and financial product income net of bank handling charges) was RMB 755,767,657.13.

2. Committed projects with raised funds

Applicable Not applicable

Unit: RMB '0,000

Financing project name	Listing date of securities	Committed investment projects and the investment direction of over-raised funds	Project nature	Has the project been changed (including partial changes)	Committed total investment amount of raised funds	Adjusted total investment (1)	Investment Amount During the Reporting Period	Accumulated investment amount as of the end of the period (2)	Investment progress as of the end of the period (3)=(2)/(1)	Date when the project reaches its expected conditions for use	Benefits achieved during this reporting period	Accumulated benefits achieved as of the end of the reporting period	Have the expected benefits been achieved	Has there been a major change in the feasibility of the project
Committed investment projects														
Initial public offering of stocks in 2022	August 17, 2022	1. Tangxia Production Base Construction Project	Production and construction	Yes	24,841.18						Not applicable	Not applicable	Not applicable	Yes
Initial public offering of stocks in 2022	August 17, 2022	2. Hybrid Biometrics IoT Intelligent Industrial Base Project	Production and construction	Yes	43,689.94	43,689.94	378.34	28,120.71	64.36%	March 31, 2026 (Note 2)	2,955.67	6,762.38	Not applicable	No
Initial public offering of stocks in 2022	August 17, 2022	3. American Manufacturing Factory Construction Project	Production and construction	Yes	17,392.21	14,392.65	3,109.3	3,429.48	23.83%	August 31, 2027	Not applicable	Not applicable	Not applicable	No
Initial public	August 17,	4. R&D	R&D	Yes	18,240.58	14,692.19	74.21	10,997.94	74.86%	September	Not	Not	Not	No

offering of stocks in 2022	2022	Center Construction Project	project							30, 2025	applicable	applicable	applicable	
Initial public offering of stocks in 2022	August 17, 2022	5. Global Marketing Service Network Construction Project	Operational management	Yes	26,802.01	26,802.01	3,249.17	11,954.48	44.60%	August 31, 2028	Not applicable	Not applicable	Not applicable	No
Initial public offering of stocks in 2022	August 17, 2022	6. Remaining funds after the previous change in the American Manufacturing Factory Construction Project	Production and construction	Yes	0	2,999.56					Not applicable	Not applicable	Not applicable	No
Initial public offering of stocks in 2022	August 17, 2022	7. Multimodal Biometrics Digitalization Industrial Base Construction Project (Note 3)	Production and construction	No	0	39,605.1	4,389.61	19,699.33	49.74%	June 30, 2026	Not applicable	Not applicable	Not applicable	Yes (Note 3)
Initial public offering of stocks in 2022	August 17, 2022	8. Remaining funds after the change in the R&D Center Construction Project	R&D project	Yes	0	3,548.39					Not applicable	Not applicable	Not applicable	No
Subtotal of committed investment projects				--	130,965.92	145,729.84	11,200.63	74,201.94	--	--	2,955.67	6,762.38	--	--
Direction of over-raised fund investment direction														
1. Undetermined funds	August 17, 2022	14,763.92	Production and construction	Yes	14,763.92						Not applicable	Not applicable	Not applicable	No

Subtotal of over-raised fund investment direction	--	14,763.92				--	--			--	--
Total	--	145,729.84	145,729.84	11,200.63	74,201.94	--	--	2,955.67	6,762.38	--	--
Describe the situation and reasons why the planned progress and expected benefits have not been achieved by projects (including the reason for selecting "not applicable" for "whether the expected benefits have been achieved")	<p>Hybrid Biometrics IoT Intelligent Industrial Base Project: In view of significant changes in domestic and international situations and market demand in recent years, and to adapt to these changes, combined with the actual construction progress of the investment project, the Company convened the 25th Session of the Third Board Meeting on March 10, 2026, and the first extraordinary general meeting of shareholders in 2026 on March 26, 2026. These meetings reviewed and approved the "Proposal on Adjusting the Investment Plan, Reducing the Total Investment Amount, and Extending the Completion Date for Certain Raised Funds Investment Projects", agreeing to adjust the investment plan, reduce the total investment amount, and extend the date for the Company's raised funds investment project "Hybrid Biometrics IoT Intelligent Industrial Base Project" to reach its expected conditions for use. For details, please refer to the "Announcement on Adjusting the Investment Plan, Reducing the Total Investment Amount, and Extending the Completion Date for Certain Raised Funds Investment Projects" (Announcement No.: 2026-011). The aforementioned adjustments to the investment plan, reduction in total investment, and extension will have an impact on the estimated benefits. The specific impact will be subject to the calculations disclosed upon the project's completion.</p> <p>Global Marketing Service Network Construction Project: In view of adjustments made to the internal investment structure and implementation methods of the Global Marketing Service Network Construction Project, and considering the current construction cycle of the raised funds investment project, to utilize the raised funds more scientifically, reasonably, and effectively, the Company has extended the date for the Global Marketing Service Network Construction Project to reach its expected conditions for use until August 31, 2028.</p> <p>American Manufacturing Factory Construction Project: Given that the American Manufacturing Factory Construction Project is implemented in the US, due to differences in regulatory environments, the Company's customized requirements and the coordination of supply chain and construction resources, the project has been delayed. After comprehensive consideration, the Company decided to extend the date for this project to reach its expected conditions for use until August 31, 2027.</p> <p>Regarding the aforementioned Global Marketing Service Network Construction Project and American Manufacturing Factory Construction Project, the Company held the 17th Session of the Third Board Meeting and the 16th Session of the Third Supervisory Board Meeting on April 21, 2025, and the General Meetings on May 15, 2025, and deliberated and approved the "Proposal on Adjusting the Internal Investment Structure, Implementation Method and Extension of Some Raised Fund Investment Projects". For details, please refer to the "Announcement on Adjusting the Internal Investment Structure, Implementation Method and Extension of Some Raised Fund Investment Projects" (Announcement No.: 2025-045).</p> <p>Multimodal Biometrics Digitalization Industrial Base Construction Project: Considering the current market environment, the Company's overall business layout, and existing capacity utilization, after careful evaluation, the Company's existing capacity and completed and operational project content are sufficient to meet current business development needs. In view of this, the Company convened the Second Session of the Fourth Board Meeting on April 21, 2026, and reviewed and approved the "Proposal on Terminating Certain Raised Funds Investment Projects and Continuing to Deposit the Remaining Raised Funds in a Special Account for Raised Funds Management". The Board of Directors believes that, based on the current actual situation of the project and after careful consideration, it agrees to terminate the implementation of the "Multimodal Biometrics Digitalization Industrial Base Construction Project" and continue to deposit the remaining raised funds in the special account for raised funds. This proposal still needs to be submitted to the shareholders' meeting for deliberation.</p> <p>The American Manufacturing Factory Construction Project and Multimodal Biometrics Digitalization Industrial Base Construction Project are in the construction stage and have not yet generated benefits. The R&D Center Construction Project and Global Marketing Service Network Construction Project are investment projects and do not generate benefits. In March 2026, the investment plan for the Hybrid Biometrics IoT Intelligent Industrial Base Project was adjusted, and the total investment amount was reduced, which will have an impact on the estimated benefits. The specific impact will be subject to the calculations disclosed upon the project's completion.</p>										
	Description of significant	Multimodal Biometrics Digitalization Industrial Base Construction Project: Considering the current market environment, the Company's overall business layout,									

changes in project feasibility	and existing capacity utilization, after careful evaluation, the Company's existing capacity and completed and operational project content are sufficient to meet current business development needs. In view of this, the Company convened the Second Session of the Fourth Board Meeting on April 21, 2026, and reviewed and approved the "Proposal on Terminating Certain Raised Funds Investment Projects and Continuing to Deposit the Remaining Raised Funds in a Special Account for Raised Funds Management". The Board of Directors believes that, based on the current actual situation of the project and after careful consideration, it agrees to terminate the implementation of the "Multimodal Biometrics Digitalization Industrial Base Construction Project" and continue to deposit the remaining raised funds in the special account for raised funds. This proposal still needs to be submitted to the shareholders' meeting for deliberation.
The amount, purpose, and progress of the over-raised funds	Not applicable
Instances of unauthorized alteration of the use of raised funds and illegal occupation of raised funds	Not applicable
Changes in the implementation location of projects invested with raised funds	Not applicable
Adjustment of implementation methods for projects invested with raised funds	Applicable
	Occurred during the reporting period
	<p>The Company held the 17th Session of the Third Board Meeting and the 16th Session of the Third Supervisory Board Meeting on April 21, 2025, and the General Meetings on May 15, 2025, and deliberated and approved the "Proposal on Adjusting the Internal Investment Structure, Implementation Method and Extension of Some Raised Fund Investment Projects". Changes were made to the relevant contents of the Global Marketing Service Network Construction Project and the American Manufacturing Factory Construction Project.</p> <p>1. Reasons for Adjusting the Internal Investment Structure of the Investment Project</p> <p>The original Global Marketing Service Network Construction Project was planned in 2020. The overall planning of the overseas marketing network was formulated by the Company based on the global marketing network layout, market environment, economic environment, industry development trends and the Company's actual situation at that time. However, with the changes in global geopolitics, economic conditions, industry competition and other factors, the original investment project planning cannot well match the actual market demand and respond to global development. The current actual situation has deviated from the original planning. The original overall planning of the domestic marketing network was formulated by the Company in 2020 based on the market environment, industry development trends and the Company's actual situation at that time to build and expand the network by itself. With the fluctuations in the macroeconomic situation causing changes in the market environment, the domestic overall planning of the original Global Marketing Service Network Construction Project cannot well match the latest domestic market environment. In summary, to effectively utilize the raised capital, the Company plans to adjust certain construction contents of the investment project in light of market conditions, to adapt to the market environment and achieve rational resource allocation and efficient utilization.</p> <p>2. Specific Details of the Adjustment to the Internal Investment Structure of the Investment Project</p> <p>Provided that the investment purpose and scale remain unchanged, and in conjunction with further planning and review of overseas and domestic marketing networks and the actual progress during the implementation of the investment project, the Company intends to adjust the internal investment structure of the Global</p>

	<p>Marketing Service Network Construction Project, primarily by reducing equipment procurement costs and increasing personnel salaries.</p> <p>3. Specific Details of the Adjustment to the Implementation Method of the Investment Project</p> <p>The original Global Marketing Service Network Construction Project planned to acquire or lease office premises in Panama, South Africa (Johannesburg), and other locations. Now, considering the Company's overall overseas marketing strategy, local market conditions, and other factors, the Company intends to cancel the arrangement for acquiring office premises in the relevant regions. The Company plans to construct a European regional headquarters through its subsidiary ZKTECO EUROPE SL (the Company holds 80.12% equity in ZKTECO EUROPE SL through its wholly-owned subsidiary ZKTECO CO., LIMITED) on its owned and newly acquired land in Spain, to integrate resources, enhance operational efficiency, and support the Company's long-term strategic development in the European market. The establishment of the European regional headquarters is not only an important step in the Company's globalization strategy but also a key initiative to enhance operational efficiency, mitigate risks, and achieve business growth. Through centralized office operations and integration into the local ecosystem, the Company hopes to build an efficient, flexible, and competitive operational center in the European market, creating long-term value for the Company's development.</p>
Advance investment and replacement of raised funds for investment projects	<p>Applicable</p> <p>On September 16, 2022, the Company held the 18th Session of the Second Board Meeting and the 12th Session of the Second Supervisory Board Meeting, and deliberated and approved the "Proposal on Using Its Own Funds and Foreign Exchange to Pay for Part of the Funds Raised for Investment Projects and Exchanging Them with the Raised Funds in Equal Amounts". On January 18, 2023, the Company held the 23rd Session of the Second Board Meeting and the 17th Session of the Second Supervisory Board Meeting. On February 6, 2023, the Company held the Second Extraordinary General Meeting, and deliberated and approved the "Proposal on Changing the Investment Projects of Raised Funds, Changing the Special Account for Raised Funds, Increasing Capital and Providing Loans to Subsidiaries to Implement Investment Projects". The salaries, social insurance premiums, housing provident fund, utilities, etc. of domestic personnel of the Company in implementing the investment projects "Hybrid Biometrics IoT Intelligent Industrial Base Project", "R&D Center Construction Project", "Global Marketing Service Network Construction Project" and the "Multimodal Biometrics Digitalization Industrial Base Construction Project" are planned to be paid by the Company or its subsidiary implementing the investment projects in advance with their own funds. The Company collected and calculated the aforementioned advance expenses incurred by each investment project on a monthly basis, and then transferred an equal amount of funds from the special account for investment to the Company's or its subsidiary's own fund account for implementing the investment projects. The implementation location of the Company's investment project "American Manufacturing Factory Construction Project" is in the United States, and the investment project construction funds need to be paid in USD. The Company's investment projects "Global Marketing Service Network Construction Project" and "R&D Center Construction Project" include overseas construction content, and the operability of paying funds required for overseas construction directly from the special account for raised funds is poor. Therefore, the Company plans to use its own foreign exchange to pay the required funds for the overseas parts of the "Global Marketing Service Network Construction Project", "American Manufacturing Factory Construction Project", and "R&D Center Construction Project". Subsequently, the amount of advance payments will be calculated monthly, and equal amounts will be transferred from the special account for raised funds to the Company's own fund account.</p> <p>As of December 31, 2025, the Company has used its own funds and foreign exchange replaced with the raised funds to pay a portion of the funds raised for the investment project, totaling RMB 120.0881 million.</p>
Temporary replenishment of working capital with idle raised funds	Not applicable
The amount and reasons for the surplus of raised funds during project implementation	<p>Applicable</p> <p>As of September 30, 2025, the investment project "R&D Center Construction Project" had reached its expected conditions for use. To rationally allocate funds and improve the efficiency of raised fund utilization, the Company convened the 21st Session of the Third Board Meeting and the 20th Session of the Third Supervisory Board Meeting on October 9, 2025, and reviewed and approved the "Proposal on Closing Some Raised Fund Investment Projects from Initial Public</p>

	<p>Offering and Using the Remaining Raised Funds". The Company agreed to close the initial public offering investment project "R&D Center Construction Project" based on the actual construction progress of the raised fund investment projects, and agreed to use the remaining raised funds from this project, totaling RMB 38,658,900 (the actual remaining amount shall be based on the balance in the special account for raised funds on the day of fund transfer), to permanently supplement working capital for the Company's production and operating activities.</p> <p>During the construction of this investment project, based on changes in market environment and the Company's actual situation, and considering the optimization of resource allocation and enhancement of intensive benefits, some surplus funds were generated. The reasons include: Firstly, due to changes in market environment and equipment upgrades and iterations, some equipment originally planned for purchase could no longer meet the latest R&D requirements. The Company adjusted its demand for this part of the equipment, and the corresponding capital investment for this part was covered by the Company's own funds; secondly, some software originally planned for purchase had a low compatibility with the Company's demand for agility and flexibility. The Company intends to achieve higher agility and scalability at a lower cost by independently developing some software; thirdly, during the implementation of the raised fund investment projects, the Company strictly complied with relevant regulations on raised fund management. Based on project planning and actual market conditions, and without affecting the smooth implementation and completion of the raised fund investment projects, the Company used raised funds following the principles of reasonableness, economy, effectiveness, and prudence, strengthening cost control, supervision, and management at all stages of project construction, thereby reasonably reducing costs and saving some raised funds.</p>
The purpose and destination of the raised funds that have not been used yet	<p>As of December 31, 2025, the balance of the Company's unused IPO raised funds is RMB 755.7677 million (including interest income and financial product income net of handling charges), including RMB 110.7677 million of demand deposit in the special account for raised funds and RMB 645 million of time deposit and other financial products. The above financial products have high safety, meet the requirements of capital preservation, and have good liquidity, which does not affect the normal operation of the investment plan for raised funds.</p>
Problems or other situations in the use and disclosure of raised funds	<p>Not applicable.</p>

Note 1: If there is a discrepancy between the total count and the sum of the sub item values, it is due to rounding reasons.

Note 2: The Company convened the 25th Session of the Third Board Meeting on March 10, 2026, and the first extraordinary general meeting of shareholders in 2026 on March 26, 2026. These meetings reviewed and approved the "Proposal on Adjusting the Investment Plan, Reducing the Total Investment Amount, and Extending the Completion Date for Certain Raised Funds Investment Projects", agreeing to adjust the investment plan, reduce the total investment amount, and extend the date for the Company's raised funds investment project "Hybrid Biometrics IoT Intelligent Industrial Base Project" to reach its expected conditions for use. For the Hybrid Biometrics IoT Intelligent Industrial Base Project, the scheduled date for the project to reach its expected conditions for use is March 31, 2026, and the scheduled date for the project to reach its expected conditions for use after the adjustment is September 30, 2026.

Note 3: The Company convened the Second Session of the Fourth Board Meeting on April 21, 2026, which reviewed and approved the "Proposal on Terminating Certain Raised Funds Investment Projects and Continuing to Deposit the Remaining Raised Funds in a Special Account for Raised Funds Management". The Company intends to terminate the implementation of the "Multimodal Biometrics Digitalization Industrial Base Construction Project" and will continue to manage the remaining raised funds in a special account for raised funds. This proposal still needs to be submitted to the Company's shareholders' meeting for review.

3. Change in the use of raised funds

Applicable Not applicable

Unit: RMB '0,000

Financing project name	Fundraising method	Changed project	Corresponding original committed projects	The total amount of raised funds to be invested in the project after the change (1)	Actual investment amount during this reporting period	Actual accumulated investment amount as of the end of the period (2)	Investment progress as of the end of the period (3)=(2)/(1)	Date when the project reaches its expected conditions for use	Benefits achieved during this reporting period	Have the expected benefits been achieved	Has there been a significant change in the feasibility of the project after the change
Initial public offering of stocks in 2022	Initial public offering	Global Marketing Service Network Construction Project	Global Marketing Service Network Construction Project	26,802.01	3,249.17	11,954.48	44.60%	August 31, 2028	0	Not applicable	No
Initial public offering of stocks in 2022	Initial public offering	American Manufacturing Factory Construction Project	American Manufacturing Factory Construction Project	14,392.65	3,109.3	3,429.48	23.83%	August 31, 2027	0	Not applicable	No
Total	--	--	--	41,194.66	6,358.47	15,383.96	--	--	0	--	--
Description of reasons for changes, decision-making procedures, and information disclosure (by specific project)			For details, please refer to the section on committed projects invested with raised funds above, specifically "Adjustment of implementation methods for projects invested with raised funds".								
The situation and reasons for not achieving the planned progress or expected benefits (by specific project)			<p>Global Marketing Service Network Construction Project: In view of adjustments made to the internal investment structure and implementation methods of the Global Marketing Service Network Construction Project, and considering the current construction cycle of the raised funds investment project, to utilize the raised funds more scientifically, reasonably, and effectively, the Company has extended the date for the Global Marketing Service Network Construction Project to reach its expected conditions for use until August 31, 2028.</p> <p>American Manufacturing Factory Construction Project: Given that the American Manufacturing Factory Construction Project is implemented in the US, due to differences in regulatory environments, the Company's customized requirements and the coordination of</p>								

	<p>supply chain and construction resources, the project has been delayed. After comprehensive consideration, the Company decided to extend the date for this project to reach its expected conditions for use until August 31, 2027.</p> <p>The American Manufacturing Factory Construction Project is in the construction stage and has not yet generated benefits. The Global Marketing Service Network Construction Project is an investment project and does not generate benefits.</p>
Description of major changes in project feasibility after the change	Not applicable.

4. Intermediary's verification opinions on the storage and use of raised funds

Applicable Not applicable

The sponsor, UBS Securities Co., Ltd., issued the "Special Verification Report of UBS Securities Co., Ltd. on the Deposit, Management, and Use of Raised Funds by ZKTECO CO., LTD. in 2025", stating that ZKTeco's deposit and use of raised funds in 2025 complies with the "Regulatory Rules for Raised Funds of Listed Companies", the "Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange", the "Shenzhen Stock Exchange Guideline No. 2 on Self Regulation of Listed Companies - Normative Operation of Listed Companies on the Growth Enterprise Board", and other relevant laws, regulations, and documents. The Company has deposited and used the raised funds in special accounts for specific purposes, and there are no instances of non-compliant use of raised funds.

Zhonghui Certified Public Accountants (Special General Partnership) issued the "Assurance Report on the Special Report Regarding the Deposit, Management, and Use of Raised Funds for the Year 2025 by ZKTECO CO., LTD.", believing that the "Special Report on the Deposit, Management, and Use of Raised Funds for the Year 2025" prepared by ZKTeco management complies in all material respects with the "Shenzhen Stock Exchange Guideline No. 2 on Self Regulation of Listed Companies - Normative Operation of Listed Companies on the Growth Enterprise Board (Revised 2025)" and the provisions of relevant format guidelines, and fairly reflected the actual deposit, management, and use of ZKTeco's raised funds for the year 2025.

XVII. Description of Other Significant Events

Applicable Not applicable

There are no other significant matters that need to be explained during the reporting period of the Company.

XVIII. Significant Events of the Company's Subsidiaries

Applicable Not applicable

Section VI Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increase or decrease in this change (+, -)					After this change	
	Quantity	Proportion	Issue new shares	Bonus	Share transferred from capital reserve	Others	Subtotal	Quantity	Proportion
I. Restricted shares	119,712,188	61.00%			23,942,439	- 22,217,948	1,724,491	121,436,679	51.60%
1. Shares held by State									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic enterprises	119,712,188	61.00%			23,942,439	- 22,217,948	1,724,491	121,436,679	51.60%
Including: shares held by domestic corporations	85,649,914	43.65%			17,129,983	- 22,217,948	-5,087,965	80,561,949	34.23%
Shares held by domestic natural persons	34,062,274	17.36%			6,812,456		6,812,456	40,874,730	17.37%
4. Foreign shareholding									
Including: shares held by overseas legal persons									
Shares held by overseas natural person									
II. Shares not subject to trading restrictions	76,525,175	39.00%	74,962		15,096,786	22,217,948	37,389,696	113,914,871	48.40%
1. RMB denominated ordinary shares	76,525,175	39.00%	74,962		15,096,786	22,217,948	37,389,696	113,914,871	48.40%
2. Domestic listed foreign shares									

3. Overseas listed foreign shares									
4. Others									
III. Total shares	196,237,363	100.00%	74,962		39,039,225	0	39,114,187	235,351,550	100.00%

Reasons for changes in shares

Applicable Not applicable

1. Reasons for changes in restricted shares

On August 18, 2025, the lockup period of the shares issued by the Company before the initial public offering expired and the shares went public. The number of shareholders with the restrictions lifted was 5, with 22,217,948 shares, accounting for 9.44% of the Company's total share capital at the time of lifting the restrictions.

2. Reasons for changes in total shares

On January 8, 2025, the Company disclosed the "Announcement on the Attribution Results of the First Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and the Listing of Shares". After deliberation and approval by the 14th Session of the Third Board Meeting, the attribution condition for the first attribution period of the reserved grant in the Company's 2022 Restricted Share Incentive Plan was met, and the number of attributed shares was 74,962 shares, which were listed for circulation on January 10, 2025. After the completion of the attribution, the total share capital of the Company increased from 196,237,363 shares to 196,312,325 shares.

On May 26, 2025, the Company disclosed the "2024 Annual Equity Distribution Implementation Announcement". After deliberation and approval by the Company's 2024 Annual General Meeting, the Company converted 2 shares of capital reserve to all shareholders for every 10 shares. After the completion of the capital reserve conversion, the total share capital of the Company increased from 196,312,325 shares to 235,351,550 shares.

Approval of changes in shares

Applicable Not applicable

The 2024 annual equity distribution plan of the Company has been deliberated and approved by the 2024 annual general meeting held on May 15, 2025, and the Company disclosed the "2024 Annual Equity Distribution Implementation Announcement" (Announcement No.: 2025-061) on CNINFO (<http://www.cninfo.com.cn>) on May 26, 2025;

The attribution condition for the first attribution period of the reserved grant under the 2022 Restricted Share Incentive Plan of the Company has been met, and it has been approved by the 14th Session of the Third Board Meeting and the 13th Session of the Third Supervisory Board Meeting held on December 31, 2024. For details, refer to the "Announcement on the Achievement of the Attribution Conditions for the First Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan" (Announcement No. 2025-005) disclosed by the Company on January 2, 2025 on CNINFO (<http://www.cninfo.com.cn>).

Transfer of changes in shares

Applicable Not applicable

The registration date for the Company's annual equity distribution in 2024 is June 3, 2025, and the ex-dividend date is June 4, 2025. The increased shares were registered in the shareholder's securities account on June 4, 2025;

The attribution condition for the reserved grant of the first attribution period under the Company's 2022 Restricted Share Incentive Plan was met, and the number of attributed shares was 74,962 shares. The shares attributed this time were registered in the relevant incentive object's securities account on January 10, 2025.

The impact of share changes on financial indicators such as basic EPS and diluted EPS for the most recent year and period, and net assets per share attributable to ordinary shareholders of the Company

Applicable Not applicable

The attribution condition for the reserved grant of the first attribution period under the Company's 2022 Restricted Share Incentive Plan was met, and the number of attributed shares was 74,962 shares. The shares attributed this time were registered in the relevant incentive object's securities account on January 10, 2025. The Company's equity distribution record date for 2024 was June 3, 2025, and the ex-dividend date was June 4, 2025. The bonus shares allotted from capital reserve in this distribution were registered to shareholders' securities accounts on June 4, 2025, and the total share capital increased from 196,312,325 shares to 235,351,550 shares, resulting in corresponding dilution of EPS and net assets per share. The relevant data can be found in "V. Main Accounting Data and Financial Indicators" of "Section II Company Profile and Key Financial Indicators" of the report.

Other contents deemed necessary by the Company or required to be disclosed by the securities regulatory authority

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Increase in restricted shares during the period	Number of shares released from trading restrictions in this period	Number of restricted shares at the end of the period	Reason for restrictions	Date of releasing from trading restrictions
Shenzhen ZKTeco Times Investment Co., Ltd.	58,500,000	11,700,000		70,200,000	Restricted shares before IPO	February 24, 2026
Che Quanhong	34,022,300	6,804,460		40,826,760	Restricted shares before IPO	February 24, 2026
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	7,053,800	1,410,760	4,232,280	4,232,280	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Shenzhen JYHY Investment Enterprise (Limited Partnership)	6,960,524	1,392,105	4,176,314	4,176,315	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	9,880,000	1,976,000	11,856,000	0	Restricted shares before IPO	August 18, 2025

Shenzhen JYLX Consulting Enterprise (Limited Partnership)	2,374,190	474,838	1,424,514	1,424,514	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Shenzhen JYQL Investment Consulting Enterprise (Limited Partnership)	881,400	176,280	528,840	528,840	Restricted shares before IPO	One quarter of the shares will be unlocked from August 17, 2023, until all shares are unlocked on August 17, 2026
Fu Zhiqian	10,724	2,146		12,870	Restricted shares before IPO	During the tenure of directors and senior executives, 25% of the total number of shares held will be unlocked annually, while the remaining 75% will be automatically locked
Jin Hairong	11,700	2,340		14,040	Restricted shares before IPO	During the tenure of directors and senior executives, 25% of the total number of shares held will be unlocked annually, while the remaining 75% will be automatically locked
Mu Wenting	17,550	3,510		21,060	Restricted shares before IPO	During the tenure of directors and senior executives, 25% of the total number of shares held will be unlocked annually, while the remaining 75% will be

						automatically locked
Total	119,712,188	23,942,439	22,217,948	121,436,679	--	--

II. Issuance and Listing of Securities

1. Securities issuance (excluding preferred shares) during the reporting period

Applicable Not applicable

Type of stocks and derivative securities	Issue Date	Issue Price (or Interest Rate)	Number of Issues	Listing Date	Listing approved amount (share)	Transaction Termination Date	Disclosure Index	Disclosure Date
Stock Category								
Restricted share	January 10, 2025	RMB 13.67/share	74,962	January 10, 2025	74,962		"Announcement on the Attribution Results of the First Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and the Listing of Shares of ZKTECO CO., LTD." (Announcement No. 2025-009) on the website of CNINFO	January 8, 2025
Convertible corporate bonds, corporate bonds with detachable warrants, and corporate bonds.								
Other derivative securities of corporate bonds								

Description of securities issuance (excluding preferred shares) during the reporting period

Description of the Attribution Results of the First Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan and the Listing of Shares:

On December 31, 2024, the Company held the 14th Session of the Third Board Meeting and the 13th Session of the Third Supervisory Board Meeting, respectively, and deliberated and approved the "Proposal on the Achievement of the Attribution Conditions for the First Attribution Period of the Reserved Grant in the 2022 Restricted Share Incentive Plan". The attribution condition for the first attribution period of the reserved grant in the Company's 2022 Restricted Share Incentive Plan has been met. After being reviewed and approved by the Shenzhen Stock Exchange and China Securities Depository and Clearing Co., Ltd. Shenzhen Branch, the number of shares attributed this time was 74,962 shares, with an attributable price of RMB 13.67 per share. The listing and circulation date was January 10, 2025.

2. Description of Changes in Total Share Capital, the Structure of Shareholders, and the Structure of Assets and Liabilities of the Company

Applicable Not applicable

During the reporting period, the Company's total share capital increased from 196,237,363 shares to 196,312,325 shares due to the fulfillment of the attribution conditions for the first attribution period of the reserved grant under the 2022 Restricted Share Incentive Plan. Due to the implementation of the 2024 annual equity distribution plan, the Company distributed 2 bonus shares for every 10 shares held by all shareholders from capital reserve. After this bonus share distribution from capital reserve, the Company's total share capital increased from 196,312,325 shares to 235,351,550 shares.

As of the end of 2025, the Company's total assets amounted to RMB 4.9548106 billion, representing a YoY increase of 23.42% compared to RMB 4.0146235 billion at the end of 2024. The total liabilities were RMB 1.289229 billion, a YoY increase of 102.51% compared to RMB 636.6231 million at the end of 2024. The asset liability ratio was 26.02%.

3. Internal employee shares

Applicable Not applicable

III. Shareholders and Actual Controllers

1. Number of shareholders of the Company and shareholding

Unit: share

Total number of ordinary shareholders at the end of the reporting period	21,054	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	25,251	Total number of preferred shareholders whose voting rights have been recovered at the end of the reporting period (if any) (see Note 9)	0	Total number of preferred shareholders whose voting rights have been recovered at the end of last month before the disclosure date of the annual report (if any) (see Note 9)	0	Total number of shareholders holding special voting shares (if any)	0
Shareholding of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)									
Name of shareholder	Nature of shareholder	Percentage of shares	Number of shares held at the end of the reporting period	Changes in increase and decrease during the reporting period	Number of shares with trading restrictions	Number of shares not subject to trading restrictions	Pledge, marking or frozen		
							Share status	Amount	
Shenzhen ZKTeco Times Investment Co., Ltd.	Domestic non state-owned corporation	29.83%	70,200,000	11,700,000	70,200,000	0	Not applicable	0	
Che Quanhong	Domestic natural person	17.35%	40,826,760	6,804,460	40,826,760	0	Not applicable	0	
Shenzhen JYHY Investment Enterprise (Limited Partnership)	Domestic non state-owned corporation	5.94%	13,978,512	103,562	4,176,315	9,802,197	Not applicable	0	
Shenzhen JYSJ Investment Enterprise (Limited)	Domestic non state-owned corporation	5.92%	13,938,856	-99,544	4,232,280	9,706,576	Not applicable	0	

Partnership)								
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	Domestic non state-owned corporation	5.04%	11,856,000	1,976,000	0	11,856,000	Not applicable	0
Shenzhen JYLY Consulting Enterprise (Limited Partnership)	Domestic non state-owned corporation	1.69%	3,975,273	367,379	1,424,514	2,550,759	Not applicable	0
Hong Kong Securities Clearing Company Limited	Overseas corporation	0.75%	1,767,698	1,278,635	0	1,767,698	Not applicable	0
ZKTECO CO., LTD. - 2025 Employee Stock Ownership Plan	Others	0.57%	1,336,560	1,336,560	0	1,336,560	Not applicable	0
Shenzhen JYQL Investment Consulting Enterprise (Limited Partnership)	Domestic non state-owned corporation	0.48%	1,135,260	-16,490	528,840	606,420	Not applicable	0
Han Xiao	Domestic natural person	0.34%	807,916	610,178	0	807,916	Not applicable	0
Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares (if any) (see Note 4)	Not applicable							
Description of the above shareholder's association or concerted action	<p>Shareholder Che Quanhong is elder brother of shareholder Che Quanzhong from ZKTeco Times are brothers, and son of Che Jun, partner of LX Investment.</p> <p>The shareholder Che Quanhong holds 76.02% of the equity of ZKTeco Times, being the controlling shareholder of ZKTeco Times. Meanwhile, Che Quanhong holds 1.18% of the property share of shareholder LX Investment and 8.65% of the property share of shareholder JYLY.</p> <p>Che Quanzhong, the younger brother of shareholder Che Quanhong, holds a 23.98% stake in ZKTeco Times. Che Jun, the father of shareholder Che Quanhong, holds 98.68% of the property share of LX Investment. In addition, there is no affiliated relationship between the other shareholders of the Company.</p>							
Description of the above shareholders' involvement in entrusting/entrusted voting rights and waiver of voting rights	Not involved							
Special description of the existence of special repurchase accounts among the top 10 shareholders (if	As of December 31, 2025, the Company's dedicated securities account for share repurchases holds 1,116,200 A ordinary shares, accounting for 0.47% of the current total share capital of the Company. As required, it is not included in the list of the top 10 shareholders of the Company.							

any) (see Note 10)			
Particulars about the top 10 shareholders not subject to trading restrictions (excluding shares lent through refinancing and executive lockup shares)			
Name of shareholder	Number of shares not subject to trading restrictions held at the end of the reporting period	Types of shares	
		Types of shares	Amount
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	11,856,000	RMB denominated ordinary shares	11,856,000
Shenzhen JYHY Investment Enterprise (Limited Partnership)	9,802,197	RMB denominated ordinary shares	9,802,197
Shenzhen JYSJ Investment Enterprise (Limited Partnership)	9,706,576	RMB denominated ordinary shares	9,706,576
Shenzhen JYLX Consulting Enterprise (Limited Partnership)	2,550,759	RMB denominated ordinary shares	2,550,759
Hong Kong Securities Clearing Company Limited	1,767,698	RMB denominated ordinary shares	1,767,698
ZKTECO CO., LTD. - 2025 Employee Stock Ownership Plan	1,336,560	RMB denominated ordinary shares	1,336,560
Han Xiao	807,916	RMB denominated ordinary shares	807,916
Liu Yunlai	700,952	RMB denominated ordinary shares	700,952
Zhan Guoqiang	666,620	RMB denominated ordinary shares	666,620
Liu Chunli	642,500	RMB denominated ordinary shares	642,500
Description of the association or concerted action between the top 10 shareholders of outstanding shares not subject to trading restrictions, as well as between the top 10 shareholders of outstanding shares without trading restrictions and the top 10 shareholders	Shareholder Che Quanhong holds 1.18% of the property shares of shareholder LX Investment and 8.65% of the property shares of shareholder JYLX. In addition, the Company does not know whether there is a related relationship between the top 10 other shareholders of shares not subject to trading restrictions, as well as between the top 10 shareholders of outstanding shares not subject to trading restrictions and the top 10 shareholders, or whether they belong to Concerted Parties.		
Description of shareholders participating in margin trading (if any) (see Note 5)	Among the top 10 shareholders not subject to trading restrictions, at the period end, shareholder Han Xiao held a total of 807,916 A shares of the Company, including 43,000 A shares held through margin accounts and 764,916 A shares held through client credit transaction guaranty securities accounts of China Galaxy Securities Co., Ltd. At the end of the reporting period, shareholder Liu Yunlai held 0 A shares of the Company through margin accounts, and 700,952 A shares of the Company through client credit transaction guaranty securities accounts of GF Securities Co., Ltd. At the end of the reporting period, shareholder Zhan Guoqiang held 0 A shares of the Company through margin accounts, and 666,620 A shares of the Company through client credit transaction guaranty securities accounts of Guosen Securities Co., Ltd. At the end of the reporting period, shareholder Liu Chunli held 0 A shares of the Company through margin accounts, and 642,500 A shares of the Company through client credit transaction guaranty securities accounts of China Securities Co., Ltd.		

Participation of shareholders holding more than 5% of the property shares, the top 10 shareholders and the top 10 shareholders of outstanding shares not subject to trading restrictions in the lending of shares through refinancing

Applicable Not applicable

Changes to the top 10 shareholders and the top 10 shareholders of outstanding shares not subject to trading restrictions compared to the previous period due to reasons related to lending/repayment through refinancing

Applicable Not applicable

Does the Company have voting right difference arrangements

Applicable Not applicable

Did the top 10 ordinary shareholders and the top 10 shareholders of ordinary shares without trading restrictions engage in agreed repurchase transactions during the reporting period

Yes No

The top 10 ordinary shareholders and the top 10 shareholders of ordinary shares without trading restrictions did not engage in any agreed repurchase transactions during the reporting period.

2. Controlling shareholders of the Company

Nature of controlling shareholder: controlled by natural person

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative	Date of establishment	Organizational code	Main business
Shenzhen ZKTeco Times Investment Co., Ltd.	Ma Bowen	July 13, 2015	91440300335415347N	Investment
Equity of other domestic and foreign listed companies controlled and participated in by controlling shareholders during the reporting period	The controlling shareholders of the Company did not hold or participate in other domestic and foreign listed companies.			

Changes in controlling shareholders during the reporting period

Applicable Not applicable

There was no change in the controlling shareholder of the Company during the reporting period.

3. Particulars about the Company's Actual Controller & Concerted Parties

Nature of actual controller: domestic natural persons

Type of actual controller: natural person

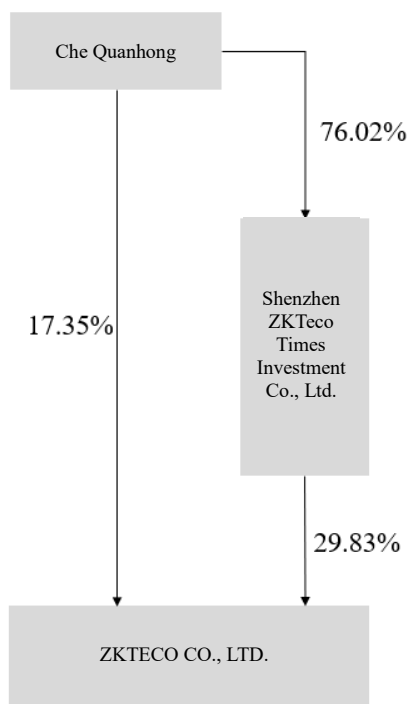
Name of actual controller	Relationship with actual controller	Nationality	Have you obtained residency in other countries or regions
Che Quanhong	Oneself	China	No
Main occupation and position	Mr. Che Quanhong is the Chairman of the Company. Please refer to "2. Appointment" in "VI. Information on Directors and senior managers" in "Section IV Corporate Governance, Environment and Society" of this annual report for details.		
Domestic and foreign listed companies that have controlled in the past 10 years	None		

Changes in actual controller during the reporting period

Applicable Not applicable

There has been no change in the actual controller of the Company during the reporting period.

Block diagram of property rights and control relationship between the Company and actual controller



The actual controller controls the Company through trust or other asset management methods

Applicable Not applicable

4. The Company's Controlling Shareholder or the Largest Shareholder and its Concerted Action Person's Cumulative Pledged Shares Account for 80% of the Company's Shares Held by Them

Applicable Not applicable

5. Particulars about Other Corporate Shareholders with Shareholding Proportion over 10%

Applicable Not applicable

6. Restricted reduction of shares held by controlling shareholders, actual controllers, restructuring parties, and other committed entities

Applicable Not applicable

IV. Specific Implementation of Share Repurchase During the Reporting Period

Implementation progress of share repurchase

Applicable Not applicable

Plan disclosure time	Number of shares to be repurchased (shares)	Proportion to total share capital	Proposed repurchase amount (RMB '0,000)	Proposed repurchase period	Repurchase purpose	Number of repurchased shares	Proportion of repurchased quantity to the underlying shares involved in

							the equity incentive plan (if any)
November 11, 2023	Based on the upper limit of the repurchase price of RMB 48.07 per share (inclusive), the expected number of repurchased shares is 624,090 to 1,248,180 shares	The proportion of 193,039,666 shares of the total share capital of the Company as of the disclosure date of the repurchase plan is 0.32% -0.65%	Not less than RMB 30 million (inclusive) and not more than RMB 60 million (inclusive)	November 10, 2023- November 9, 2024	Implement employee stock ownership plans or equity incentives	2,230,000	1

Note 1: Accounts for 100.00% of the 2025 employee stock ownership plan.

Progress in implementing centralized bidding trading to reduce holdings and repurchase shares

Applicable Not applicable

The Company convened the 15th Session of the Third Board Meeting and the 14th Session of the Third Supervisory Board Meeting on January 23, 2025, and the first extraordinary general meeting of 2025 on February 11, 2025. These meetings separately reviewed and approved the "2025 Employee Stock Ownership Plan (Draft)" and the "2025 Restricted Share Incentive Plan (Draft)". The Company agreed to implement equity incentives by issuing the Company's A-share common stock to incentive objects through private placement and/or repurchasing the Company's A-share common stock from the secondary market, and to implement the employee stock ownership plan with 1,113,800 repurchased A-share common stock of ZKTeco. For details, please refer to the relevant announcements disclosed by the Company on the website of CNINFO on January 24, 2025.

On May 23, 2025, the Company received the "Confirmation of Securities Transfer Registration" issued by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. The 1,113,800 shares of the Company's stock held in the Company's dedicated securities account for share repurchases were non-transactionally transferred on May 22, 2025, to the "ZKTECO CO., LTD. - 2025 Employee Stock Ownership Plan" securities account. The number of transferred shares accounted for 0.5674% of the Company's total share capital on the announcement date of this employee stock ownership plan draft, and the transfer price was RMB 13.25 per share. For details, please refer to the "Announcement on the Completion of Non-Trading Transfer of the 2025 Employee Stock Ownership Plan" (Announcement No.: 2025-060) disclosed by the Company on CNINFO on May 23, 2025.

V. Preferred Shares

Applicable Not applicable

There is no preferred share in the Company during the reporting period.

Section VII Bonds

Applicable Not applicable

Section VIII Financial Report

I. Audit Report

Audit opinion	Standard unqualified opinions
Audit report signing date	April 21, 2026
Audit institution name	Zhonghui Certified Public Accountants (Special General Partnership)
Audit Report No.	ZHKS [2026] No. 7118
Name of CPA	Yin Wenwen, Yuan Zongzhi

Audit Report Text

All shareholders of ZKTECO CO., LTD.:

I. Audit Opinion

We have audited the financial statements of ZKTECO CO., LTD. (hereinafter referred to as "ZKTeco"), including the consolidated and parent company's balance sheet as of December 31, 2025, the consolidated and parent company's profit statement, the consolidated and parent company's cash flow statement, the consolidated statements and Statement of Changes in Equity of the Parent Company and notes to financial statements as of 2025.

In our opinion, the accompanying financial statements have been prepared in accordance with the provisions of the Accounting Standards for Enterprises in all material aspects and fairly reflect the ZKTeco's consolidated and parent company's financial position as of December 31, 2025, as well as the consolidated and parent company's operating results and cash flows as of 2025.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). The "CPA's Responsibility for the Audit of Financial Statements" section of the Audit Report further elaborates our responsibilities under these standards. We are independent of ZKTeco in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are the most important matters we believe to audit the current financial statements according to our professional judgment. The response to these matters is based on the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters separately. We have identified the following key audit matters that need to be communicated in the audit report.

(I) Revenue recognition

1. Description of matters

As stated in Note V (42) to the financial statements, ZKTeco's operating revenue for 2025 was RMB 2,132.79 million. As operating revenue is one of the key performance indicators of ZKTeco, there is an inherent risk that the management may inappropriately recognize revenue to achieve specific targets or expectations. Therefore, we consider the recognition of operating revenue of ZKTeco as a key audit matter.

2. Audit response

Our main audit procedures for revenue recognition include:

(1) Understand the key internal controls related to revenue recognition, evaluate whether their design is effective, determine whether they are implemented, and test the effectiveness of the operation of relevant internal controls;

(2) Understand the revenue recognition policies through interviews with management, examine the terms of major customer contracts, and analyze whether the conditions, methods and timing of the Company's revenue recognition comply with the requirements of Accounting Standards for Business Enterprises;

(3) Perform analytical procedures on operating revenue, analyze the changes in sales of major products and major customers, compare with the changes in the same period of the previous year, and review the rationality of sales changes;

(4) Confirm the sales revenue of major customers combined with the audit of accounts receivable, and perform substitution tests on customers who have not responded to the letter;

(5) Check the major customer contracts, sales outbound orders, acceptance certificates, logistics documents, customs declarations, and invoices to verify the authenticity of ZKTeco's revenue confirmation;

(6) Conduct cut-off tests on sales transactions before and after the balance sheet date to evaluate whether the revenue is recorded in the appropriate accounting period.

IV. Other information

The management of ZKTeco (hereinafter referred to as the management) is responsible for other information. The other information comprises the information included in the annual report for 2025, but does not include the financial statements and our audit report thereon.

Our audit opinions published in the financial statements do not cover other information and we do not publish any form of assured conclusion on other information.

In combination with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether there is significant inconsistency in other information with the financial statements or what we have learned during the audit process, or other material misstatement existed.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

V. Responsibilities of management and governance for the financial statements

The management is responsible for the preparation of financial statements that give a fair view in accordance with the Accounting Standards for Enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing ZKTeco's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless the management either intends to liquidate ZKTeco or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of ZKTeco (hereinafter referred to as Those Charged with Governance) are responsible for overseeing ZKTeco's financial reporting process.

VI. CPA's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) Identify and assess the risks of material misstatement in the Financial Statements, whether due to fraud or error, design and perform the audit procedures to address these risks, and obtain the audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Understand the audit-related internal control to design appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policies selected by the Management, and the reasonableness of accounting estimates and related disclosures.

(IV) Draw a conclusion on the appropriateness of the going concern assumption used by the Management. based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ZKTeco's ability to continue as a going concern. If we conclude that there is a material uncertainty, according to the auditing standards, we are required, in our Audit Report, to draw attention of statement users to the related disclosures in the Financial Statements; or, if such disclosures are inadequate, we shall publish non-unqualified opinions. Our conclusions are based on the audit evidence obtained up to the date of our Audit Report. However, future events or conditions may cause ZKTeco to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within ZKTeco to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit on the Company, and we remain solely responsible for our audit opinion.

We communicate with the management on matters such as the planned scope, timing, and significant audit findings, including internal control deficiencies identified during our audits that are of concern.

We also provide a statement to the management that we have complied with ethical requirements related to independence and communicate with Those Charged with Governance all relationships and other matters that may reasonably be considered to affect our independence, as well as related precautions, if applicable.

From the matters communicated with those charged with governance, we determine which matters are most important to the audit of the current financial statements, thus constituting key audit matters. We describe these matters in the audit report unless laws and regulations prohibit public disclosure of these matters, or in rare cases, if the negative consequences of communicating a matter in the audit report are reasonably expected to exceed the benefits in the public interest, we determine that the matter should not be communicated in the audit report.

II. Financial Statements

The unit of the financial statements in the financial notes is: RMB

1. Consolidated Balance Sheet

Prepared by: ZKTECO CO., LTD.

December 31, 2025

Unit: RMB

Item	December 31, 2025	January 1, 2025
Current assets:		
Monetary funds	1,243,119,411.23	1,473,334,905.97
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Trading financial assets	800,444,410.21	491,331,815.79

Derivative financial assets		
Notes receivable	538,349.21	165,450.00
Accounts receivable	676,383,210.14	519,014,337.89
Receivable financing		
Prepayments	18,032,290.05	26,561,472.98
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance contract receivable		
Other receivables	52,567,928.29	41,144,121.16
Including: interest receivable		
Dividends receivable		
Buying back the sale of financial assets		
Inventories	468,837,064.12	335,306,397.14
Including: Data resources		
Contract assets	26,949.78	212,795.14
Held-for-sale assets		
Non-current assets due within one year	2,320,265.60	20,383,238.35
Other current assets	104,567,979.67	33,070,816.00
Total current assets	3,366,837,858.30	2,940,525,350.42
Non-current assets:		
Loans and advances to customers		
Debt investment	28,977,331.32	15,775,806.16
Other debt investment		
Long-term receivables	17,932,540.32	5,479,301.55
Long-term equity investment	25,112,854.58	28,982,092.23
Other equity instrument investments		
Other non-current financial assets		
Investment real estate	19,863,144.69	21,504,316.77
Fixed assets	723,300,476.82	535,337,384.82
Construction in progress	113,147,627.97	226,445,932.02
Productive biological assets		
Oil and gas assets		
Right-of-use assets	55,789,456.58	48,352,214.14
Intangible assets	271,465,068.24	99,844,396.80
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	239,061,688.95	512,337.25
Long-term deferred expenses	10,365,428.72	5,555,537.61
Deferred income tax assets	82,533,157.92	81,688,798.50
Other non-current assets	423,995.07	4,620,055.22

Total non-current assets	1,587,972,771.18	1,074,098,173.07
Total assets	4,954,810,629.48	4,014,623,523.49
Current liabilities:		
Short-term loan	81,101,188.00	
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Trading financial liabilities	208,175,000.00	
Derivative financial liabilities		
Notes payable	239,870,823.79	134,784,219.75
Accounts payable	404,450,021.92	225,414,642.83
Advances from customer		
Contract liabilities	76,516,595.89	71,168,318.91
Financial assets sold for repurchase		
Deposit from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	62,261,494.07	53,990,974.31
Taxes payable	38,878,015.23	20,281,098.96
Other payables	71,479,362.71	45,821,035.19
Including: interest payable		
Dividends payable	556,900.00	
Handling charges and commissions payable		
Reinsurance accounts receivable		
Liabilities held for sale		
Non-current liabilities due within one year	30,859,013.86	22,822,648.87
Other current liabilities	18,771,142.30	12,060,579.96
Total current liabilities	1,232,362,657.77	586,343,518.78
Non-current liabilities:		
Reserves for insurance contracts		
Long-term loan	139,871.08	7,021,328.89
Bonds payable		
Including: preferred stock		
Perpetual bonds		
Lease liabilities	25,370,074.36	29,108,076.76
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income	1,364,769.40	1,420,041.44
Deferred income tax liabilities	29,991,667.84	12,730,094.50

Other non-current liabilities		
Total non-current liabilities	56,866,382.68	50,279,541.59
Total liabilities	1,289,229,040.45	636,623,060.37
Owner's equity:		
Share capital	235,351,550.00	196,312,325.00
Other equity instruments		
Including: preferred stock		
Perpetual bonds		
Capital reserve	2,068,821,395.02	2,107,323,633.23
Less: treasury stock	44,078,890.10	59,683,228.10
Other comprehensive income	39,799,829.67	41,914,807.74
Special reserve		
Surplus reserves	67,458,631.43	64,002,687.03
General risk reserves		
Undistributed profits	1,114,135,904.69	1,000,479,479.18
Total owners' equity attributable to the parent company	3,481,488,420.71	3,350,349,704.08
Minority interests	184,093,168.32	27,650,759.04
Total owners' equity	3,665,581,589.03	3,378,000,463.12
Total liabilities and owner's equity	4,954,810,629.48	4,014,623,523.49

Legal Representative: Jin Hairong Person in charge of the accounting work: Wang Youwu Person in charge of accounting institution: Xu Ping

2. Balance Sheet of Parent Company

Unit: RMB

Item	December 31, 2025	January 1, 2025
Current assets:		
Monetary funds	369,007,059.01	824,570,527.22
Trading financial assets	331,610,473.21	71,072,880.32
Derivative financial assets		
Notes receivable	156,790.41	
Accounts receivable	428,225,183.76	516,437,060.81
Receivables financing		
Prepayments	6,462,285.58	10,439,376.39
Other receivables	31,318,946.42	28,468,054.40
Including: interest receivable	46,922.03	46,922.03
Dividends receivable		
Inventories	62,381,514.53	105,623,350.08
Including: Data resources		
Contract assets	9,172.80	192,777.03
Held-for-sale assets		
Non-current assets due within one year	1,020,439.67	339,420.08
Other current assets	65,277,597.19	4,922,632.78
Total current assets	1,295,469,462.58	1,562,066,079.11
Non-current assets:		

Debt investment	21,036,292.96	10,260,784.31
Other debt investment		
Long-term receivables	7,693,859.44	2,323,586.07
Long-term equity investment	1,837,314,121.27	1,360,368,042.33
Other equity instrument investments		
Other non-current financial assets		
Investment real estate		
Fixed assets	39,234,838.25	46,126,552.33
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	3,397,123.73	9,186,583.12
Intangible assets	28,442,988.56	31,838,535.17
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term deferred expenses	3,770,321.93	3,048,841.86
Deferred income tax assets	49,321,418.19	49,639,639.95
Other non-current assets		589,955.22
Total non-current assets	1,990,210,964.33	1,513,382,520.36
Total assets	3,285,680,426.91	3,075,448,599.47
Current liabilities:		
Short-term loan		
Trading financial liabilities	208,175,000.00	
Derivative financial liabilities		
Notes payable	77,782,177.57	102,953,171.16
Accounts payable	162,076,940.64	109,367,315.26
Advances from customer		
Contract liabilities	18,868,667.39	27,371,907.92
Payroll payable	14,248,129.06	14,888,641.90
Taxes payable	1,945,673.22	2,599,023.91
Other payables	87,941,897.36	49,256,238.57
Including: interest payable		
Dividends payable	556,900.00	
Liabilities held for sale		
Non-current liabilities due within one year	2,792,552.49	5,620,355.31
Other current liabilities	6,057,760.52	9,674,292.24
Total current liabilities	579,888,798.25	321,730,946.27
Non-current liabilities:		
Long-term loan		

Bonds payable		
Including: preferred stock		
Perpetual bonds		
Lease liabilities	692,690.06	3,377,514.34
Long-term payables		
Long-term payroll payable		
Estimated liabilities		
Deferred income		11,365.24
Deferred tax liabilities	2,341,558.59	3,443,841.43
Other non-current liabilities		
Total non-current liabilities	3,034,248.65	6,832,721.01
Total liabilities	582,923,046.90	328,563,667.28
Owner's equity:		
Share capital	235,351,550.00	196,312,325.00
Other equity instruments		
Including: preferred stock		
Perpetual bonds		
Capital reserve	2,080,952,283.49	2,116,684,780.13
Less: treasury stock	44,078,890.10	59,683,228.10
Other comprehensive income		
Special reserve		
Surplus reserves	67,367,334.94	63,911,390.54
Undistributed profits	363,165,101.68	429,659,664.62
Total owners' equity	2,702,757,380.01	2,746,884,932.19
Total liabilities and owner's equity	3,285,680,426.91	3,075,448,599.47

3. Consolidated Profit Statement

Unit: RMB

Item	2025	2024
I. Total operating revenue	2,132,789,667.81	1,991,200,391.75
Including: operating revenue	2,132,789,667.81	1,991,200,391.75
Interest income		
Premium earned		
Revenue from handling charges and commissions		
II. Total operating cost	1,852,739,271.27	1,782,774,757.20
Including: operating cost	1,063,952,308.89	1,008,242,645.99
Interest expenses		
Expenses from handling charges and commissions		
Surrender value		
Net payments for insurance claims		
Net provisions for reserves in insurance liability contracts		

Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	23,856,191.23	29,265,779.72
Selling expenses	469,389,517.11	446,509,619.84
Administrative expenses	131,948,221.69	117,559,541.39
R&D expenses	184,608,110.11	215,470,991.40
Financial expenses	-21,015,077.76	-34,273,821.14
Including: interest expenses	3,257,528.29	3,871,915.67
Interest income	27,447,223.90	42,321,327.95
Plus: other income	11,545,929.17	18,367,589.83
Investment income (loss expressed with "-")	2,637,301.43	4,195,000.74
Including: income from investment in associates and joint ventures	-1,396,664.52	3,001,156.73
Gains from derecognition of financial assets measured at amortized cost		
Gains from foreign exchange (loss expressed with "-")		
Gains from net exposure hedging (loss expressed with "-")		
Gains from changes in fair value (loss expressed with "-")	15,102,322.02	14,859,953.45
Losses from credit impairment (loss expressed with "-")	-21,053,880.50	-21,206,975.03
Losses from impairment of assets (loss expressed with "-")	-15,091,760.31	-7,654,897.66
Gains from disposal of assets (loss expressed with "-")	312,220.10	-653,718.36
III. Operating profit (loss expressed with "-")	273,502,528.45	216,332,587.52
Plus: non-operating revenue	1,934,540.52	5,545,326.30
Less: Non-operating expenditure	5,153,791.42	6,513,782.84
IV. Total profit (loss expressed with "-")	270,283,277.55	215,364,130.98
Less: income tax expenses	24,936,133.78	14,832,125.82
V. Net profit (loss expressed with "-")	245,347,143.77	200,532,005.16
(I) Classification by business continuity		
1. Net profit from continuing operations (net loss expressed with "-")	245,347,143.77	200,532,005.16
2. Net profit from discontinued operations (net loss expressed with "-")		
(II) Classification by ownership		
1. Net profits attributable to shareholders of parent company	214,710,432.41	183,045,997.93
2. Minority shareholders' profit and	30,636,711.36	17,486,007.23

loss		
VI. Other comprehensive income - after tax	-438,704.74	15,860,099.64
Net of tax of other comprehensive income attributable to the owner of the parent company	-2,114,978.07	13,913,848.55
(I) Other comprehensive income that cannot be transferred to profit or loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Other		
(II) Other comprehensive income that will be reclassified into profit or loss	-2,114,978.07	13,913,848.55
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation difference of foreign currency financial statements	-2,114,978.07	13,913,848.55
7. Others		
After-tax net amount of other comprehensive income attributable to the minority shareholders	1,676,273.33	1,946,251.09
VII. Total comprehensive income	244,908,439.03	216,392,104.80
Total comprehensive income attributable to owners of the parent company	212,595,454.34	196,959,846.48
Total comprehensive income attributable to minority shareholders	32,312,984.69	19,432,258.32
VIII. Earnings per share (EPS):		
(I) Basic EPS	0.9186	0.7913
(II) Diluted EPS	0.9149	0.7913

In the event of a merger of enterprise under the same control in the current period, the net profit realized by the combined party before the merger is RMB 0.00, and the net profit realized by the combined party in the previous period is RMB 0.00.

Legal Representative: Jin Hairong Person in charge of the accounting work: Wang Youwu Person in charge of accounting institution: Xu Ping

4. Parent Company's Profit Statement

Unit: RMB

Item	2025	2024
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I. Operating revenue	805,130,826.73	1,343,903,884.64
Less: operating cost	560,855,700.21	1,031,003,266.22
Taxes and surcharges	3,936,272.86	7,076,042.43
Selling expenses	114,468,659.36	151,644,243.44
Administrative expenses	50,250,690.65	56,626,647.98
R&D expenses	65,338,077.28	115,374,818.03
Financial expenses	-5,917,089.93	-30,884,427.41
Including: interest expenses	234,457.44	478,491.92
Interest income	10,494,332.89	20,496,636.74
Plus: other income	2,998,273.93	7,448,445.44
Investment income (loss expressed with "-")	21,508,102.57	11,170,810.73
Including: income from investment in associates and joint ventures	-120,687.66	-239,422.08
Derecognition of income for financial assets measured at amortized cost (loss expressed with "-")		
Gains from net exposure hedging (loss expressed with "-")		
Gains from changes in fair value (loss expressed with "-")	5,139,185.96	3,218,077.91
Losses from credit impairment (loss expressed with "-")	-9,726,580.99	-7,650,167.42
Losses from impairment of assets (loss expressed with "-")	-1,674,369.85	-3,026,826.74
Gains from disposal of assets (loss expressed with "-")	51,482.66	-67,696.60
II. Operating profit (loss expressed with "-")	34,494,610.58	24,155,937.27
Plus: non-operating revenue	680,260.57	2,499,437.54
Less: Non-operating expenditure	959,222.89	2,171,217.28
III. Total profits (total losses expressed with "-")	34,215,648.26	24,484,157.53
Less: income tax expenses	-343,795.70	-10,988,487.79
IV. Net profit (net loss expressed with "-")	34,559,443.96	35,472,645.32
(I) Net profit from continuing operations (net loss expressed with "-")	34,559,443.96	35,472,645.32
(II) Net profit from discontinued operations (net loss expressed with "-")		
V. Net of tax of other comprehensive income		
(I) Other comprehensive income that cannot be transferred to profit or loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss		

under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Other		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation difference of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	34,559,443.96	35,472,645.32
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2025	2024
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,130,846,310.33	2,058,756,161.46
Net increase in deposits from customers and deposits in banks and other financial institutions		
Net increase in borrowings from the Central Bank		
Net increase in borrowings from banks and other financial institutions		
Cash received from receiving insurance premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in borrowings from banks and other financial institutions		
Net capital increase in repurchase		

business		
Net cash received from vicariously traded securities		
Refund of taxes and surcharges	94,078,964.81	65,423,445.28
Cash received from other operating activities	125,693,352.23	269,869,995.07
Subtotal of cash inflows from operating activities	2,350,618,627.37	2,394,049,601.81
Cash paid for purchase of goods and rendering of services	978,792,838.37	1,111,062,232.72
Net increase in loans and advances to customers		
Net increase in deposits in Central Bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in lendings to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	543,615,813.06	567,299,000.71
Payments of all types of taxes	82,135,246.08	104,157,253.19
Other cash payments relating to operating activities	363,601,699.05	383,194,532.14
Subtotal of cash outflows from operating activities	1,968,145,596.56	2,165,713,018.76
Net cash flows from operating activities	382,473,030.81	228,336,583.05
II. Cash flows from investing activities:		
Cash received from disinvestment	3,141,564,126.42	1,651,783,573.66
Cash received from investment income	16,234,230.15	10,815,578.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,005,556.46	638,811.45
Net cash received from disposal of subsidiaries and other business units		3.91
Cash received from other investing activities	285,803.23	
Subtotal of cash inflows from investing activities	3,159,089,716.26	1,663,237,967.53
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	141,054,763.14	197,709,114.77
Cash paid for investments	3,385,127,695.89	1,631,334,606.67
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units	82,277,257.55	
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	3,608,459,716.58	1,829,043,721.44
Net cash flows from investing activities	-449,370,000.32	-165,805,753.91

III. Cash flows from financing activities:		
Cash received from investors	1,271,432.49	23,810,988.13
Including: Cash received by subsidiaries from the absorption of minority shareholders' investments	1,271,432.49	1,490,379.74
Cash received from borrowings		
Cash received from other financing activities	170,411,088.16	
Subtotal of cash inflows from financing activities	171,682,520.65	23,810,988.13
Cash paid for debt repayments	1,050,617.50	1,293,275.15
Cash paid for distribution of dividends and profits or payment of interest	123,607,390.19	107,434,308.74
Including: dividends and profits paid to minority shareholders by subsidiaries	26,275,472.52	20,665,840.53
Cash paid for other financing activities	103,293,564.83	91,169,472.06
Subtotal of cash outflows from financing activities	227,951,572.52	199,897,055.95
Net cash flows from financing activities	-56,269,051.87	-176,086,067.82
IV. Effect of exchange rate changes on cash and cash equivalents	-5,459,173.57	10,879,013.09
V. Net increase in cash and cash equivalents	-128,625,194.95	-102,676,225.59
Plus: beginning balance of cash and cash equivalents	1,214,344,327.43	1,317,020,553.02
VI. Closing balance of cash and cash equivalents	1,085,719,132.48	1,214,344,327.43

6. Cash Flow Statement of Parent Company

Unit: RMB

Item	2025	2024
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	776,078,219.24	1,290,725,515.80
Refund of taxes and surcharges	40,413,708.60	31,620,174.65
Cash received from other operating activities	89,665,427.69	242,896,415.31
Subtotal of cash inflows from operating activities	906,157,355.53	1,565,242,105.76
Cash paid for purchase of goods and rendering of services	348,520,471.48	917,089,300.58
Cash paid to and for employees	136,885,957.57	213,562,250.93
Payments of all types of taxes	12,833,795.10	7,939,135.57
Other cash payments relating to operating activities	199,234,235.45	326,219,255.91
Subtotal of cash outflows from operating activities	697,474,459.60	1,464,809,942.99
Net cash flows from operating activities	208,682,895.93	100,432,162.77
II. Cash flows from investing activities:		
Cash received from disinvestment	2,184,757,850.00	687,213,327.52
Cash received from investment	25,560,187.38	20,224,512.32

income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,459,228.06	14,749,016.67
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	285,803.23	
Subtotal of cash inflows from investing activities	2,214,063,068.67	722,186,856.51
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	2,406,051.09	21,022,612.56
Cash paid for investments	2,684,953,423.05	864,683,970.26
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	2,687,359,474.14	885,706,582.82
Net cash flows from investing activities	-473,296,405.47	-163,519,726.31
III. Cash flows from financing activities:		
Cash received from investors		22,320,608.39
Cash received from borrowings		
Cash received from other financing activities	31,324,168.46	
Subtotal of cash inflows from financing activities	31,324,168.46	22,320,608.39
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	97,041,162.50	86,602,278.60
Cash paid for other financing activities	4,949,271.49	66,555,713.14
Subtotal of cash outflows from financing activities	101,990,433.99	153,157,991.74
Net cash flows from financing activities	-70,666,265.53	-130,837,383.35
IV. Effect of exchange rate changes on cash and cash equivalents	-1,556,376.23	7,439,355.96
V. Net increase in cash and cash equivalents	-336,836,151.30	-186,485,590.93
Plus: beginning balance of cash and cash equivalents	688,934,703.03	875,420,293.96
VI. Closing balance of cash and cash equivalents	352,098,551.73	688,934,703.03

7. Consolidated Statement of Changes in Equity

Amount in current period

Unit: RMB

Item	2025													Minority interests	Total owners' equity
	Equity attributable to owners of the parent company														
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk reserves	Undistributed profits	Others	Subtotal		
	Preferred stock	Perpetual bonds	Others												
I. Ending balance of previous year	196,312,325.00				2,107,323,633.23	59,683,228.10	41,914,807.74		64,002,687.03		1,000,479,479.18		3,350,349,704.08	27,650,759.04	3,378,000,463.12
Plus: changes in accounting policies															
Corrections of prior period errors															
Others															
II. Beginning balance of this year	196,312,325.00				2,107,323,633.23	59,683,228.10	41,914,807.74		64,002,687.03		1,000,479,479.18		3,350,349,704.08	27,650,759.04	3,378,000,463.12
III. Amount increase/decrease of the current period (decrease expressed with "-")	39,039,225.00				-38,502,238.21	-	-2,114,978.07		3,455,944.40		113,656,425.51		131,138,716.63	156,442,409.28	287,581,125.91
(I) Total comprehensive income							-2,114,978.07				214,710,432.41		212,595,454.34	32,312,984.69	244,908,439.03
(II) Capital invested and reduced by the owners					4,475,789.41	-							20,080,127.41	1,271,432.49	21,351,559.90
1. Common stock contributed by owners														1,271,432.49	1,271,432.49
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments					19,523,227.41								19,523,227.41		19,523,227.41

recognized in equity															
4. Others				-15,047,438.00	15,604,338.00	-							556,900.00		556,900.00
(III) Profit distribution								3,455,944.40		-101,054,006.90			-97,598,062.50	-	-123,873,535.02
1. Surplus reserves withdrawal								3,455,944.40		-3,455,944.40			0.00		
2. Withdrawal of general risk preparation															
3. Distribution to owners (or shareholders)										-97,598,062.50			-97,598,062.50	-	-123,873,535.02
4. Others														0.00	0.00
(IV) Internal carryover of owner's equity	39,039,225.00			-39,039,225.00										0.00	0.00
1. Capital reserve transfer to capital (or equity capital)	39,039,225.00			-39,039,225.00											
2. Surplus reserve transfer to capital (or equity capital)															
3. Surplus reserve offsetting losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Retained earnings carried forward from other comprehensive income															

6. Others														0.00	0.00
(V) Special reserve															
1. Withdrawal in this period															
2. Use in the current period															
(VI) Others					-3,938,802.62								-3,938,802.62	149,133,464.62	145,194,662.00
IV. Ending balance of current period	235,351,550.00				2,068,821,395.02	44,078,890.10	39,799,829.67		67,458,631.43		1,114,135,904.69		3,481,488,420.71	184,093,168.32	3,665,581,589.03

Amount of previous period

Unit: RMB

Item	2024														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	General risk reserves	Undistributed profits	Others			Subtotal
	Preferred stock	Perpetual bonds	Others												
I. Ending balance of previous year	194,679,508.00				2,075,479,375.13	784,700.00	28,000,959.19		60,455,422.50		907,583,024.38		3,265,413,589.20	25,375,754.08	3,290,789,343.28
Plus: changes in accounting policies															
Corrections of prior period errors															
Others															
II. Beginning balance of this year	194,679,508.00				2,075,479,375.13	784,700.00	28,000,959.19		60,455,422.50		907,583,024.38		3,265,413,589.20	25,375,754.08	3,290,789,343.28
III. Amount increase/decrease of the current period (decrease expressed with "-")	1,632,817.00				31,844,258.10	58,898,528.10	13,913,848.55		3,547,264.53		92,896,454.80		84,936,114.88	2,275,004.96	87,211,119.84
(I) Total							13,913,848.55				183,045,997.93		196,959,846.48	19,432,258.32	216,392,104.80

comprehensive income															
(II) Capital invested and reduced by the owners	1,632,817.00				31,844,258.10	58,898,528.10							-25,421,453.00	1,545,215.27	-23,876,237.73
1. Common stock contributed by owners	1,632,817.00				20,687,791.39	58,898,528.10							-36,577,919.71	1,490,379.74	-35,087,539.97
2. Capital invested by holders of other equity instruments															
3. Amount of share-based payments recognized in equity					11,156,466.71								11,156,466.71	54,835.53	11,211,302.24
4. Others															
(III) Profit distribution								3,547,264.53		-90,149,543.13			-86,602,278.60	-	-107,268,119.13
1. Surplus reserves withdrawal								3,547,264.53		-3,547,264.53			0.00		
2. Withdrawal of general risk preparation															
3. Distribution to owners (or shareholders)										-86,602,278.60			-86,602,278.60	-	-107,268,119.13
4. Others															
(IV) Internal carryover of owner's equity															
1. Capital reserve transfer to capital (or equity capital)															
2. Surplus reserve															

transfer to capital (or equity capital)															
3. Surplus reserve offsetting losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserve															
1. Withdrawal in this period															
2. Use in the current period															
(VI) Others														1,963,371.90	1,963,371.90
IV. Ending balance of current period	196,312,325.00				2,107,323,633.23	59,683,228.10	41,914,807.74		64,002,687.03		1,000,479,479.18		3,350,349,704.08	27,650,759.04	3,378,000,463.12

8. Statement of Changes in Equity of the Parent Company

Amount in current period

Unit: RMB

Item	2025											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bonds	Others								
I. Ending balance of	196,312,325.00				2,116,684,780.13	59,683,228.10			63,911,390.54	429,659,664.62		2,746,884,932.19

previous year												
Plus: changes in accounting policies												
Corrections of prior period errors												
Others												
II. Beginning balance of this year	196,312,325.00				2,116,684,780.13	59,683,228.10			63,911,390.54	429,659,664.62		2,746,884,932.19
III. Amount increase/decrease of the current period (decrease expressed with "-")	39,039,225.00				-35,732,496.64	-	15,604,338.00		3,455,944.40	-66,494,562.94		-44,127,552.18
(I) Total comprehensive income										34,559,443.96		34,559,443.96
(II) Capital invested and reduced by the owners					3,306,728.36	-	15,604,338.00					18,911,066.36
1. Common stock contributed by owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments recognized in equity					18,354,166.36							18,354,166.36
4. Others					-15,047,438.00	-	15,604,338.00					556,900.00
(III) Profit distribution									3,455,944.40	-	101,054,006.90	-97,598,062.50
1. Surplus reserves									3,455,944.40	-3,455,944.40		0.00

withdrawal												
2. Distribution to owners (or shareholders)										-97,598,062.50		-97,598,062.50
3. Others												
(IV) Internal carryover of owner's equity	39,039,225.00				-39,039,225.00							0.00
1. Capital reserve transfer to capital (or equity capital)	39,039,225.00				-39,039,225.00							0.00
2. Surplus reserve transfer to capital (or equity capital)												
3. Surplus reserve offsetting losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Use in the current period												
(VI) Others												
IV. Ending balance of current period	235,351,550.00				2,080,952,283.49	44,078,890.10			67,367,334.94	363,165,101.68		2,702,757,380.01

Amount of previous period

Unit: RMB

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bonds	Others								
I. Ending balance of previous year	194,679,508.00				2,085,198,988.61	784,700.00			60,364,126.01	484,336,562.43		2,823,794,485.05
Plus: changes in accounting policies												
Corrections of prior period errors												
Others												
II. Beginning balance of this year	194,679,508.00				2,085,198,988.61	784,700.00			60,364,126.01	484,336,562.43		2,823,794,485.05
III. Amount increase/decrease of the current period (decrease expressed with "-")	1,632,817.00				31,485,791.52	58,898,528.10			3,547,264.53	-54,676,897.81		-76,909,552.86
(I) Total comprehensive income										35,472,645.32		35,472,645.32
(II) Capital invested and reduced by the owners	1,632,817.00				31,485,791.52	58,898,528.10						-25,779,919.58
1. Common stock contributed by owners	1,632,817.00				20,274,489.28	58,898,528.10						-36,991,221.82
2. Capital invested by holders of other equity instruments												

3. Amount of share-based payments recognized in equity					11,211,302.24							11,211,302.24
4. Others												
(III) Profit distribution									3,547,264.53	-90,149,543.13		-86,602,278.60
1. Surplus reserves withdrawal									3,547,264.53	-3,547,264.53		0.00
2. Distribution to owners (or shareholders)										-86,602,278.60		-86,602,278.60
3. Others												
(IV) Internal carryover of owner's equity												
1. Capital reserve transfer to capital (or equity capital)												
2. Surplus reserve transfer to capital (or equity capital)												
3. Surplus reserve offsetting losses												
4. Changes in defined benefit plans carried forward to retained earnings												
5. Retained earnings carried forward from other comprehensive income												
6. Others												
(V) Special reserve												

1. Withdrawal in this period												
2. Use in the current period												
(VI) Others												
IV. Ending balance of current period	196,312,325.00				2,116,684,780.13	59,683,228.10			63,911,390.54	429,659,664.62		2,746,884,932.19

III. Basic Information of the Company

ZKTECO CO., LTD. (hereinafter referred to as "the Company" or "Company"), formerly known as Dongguan ZKTeco Electronic Technology Co., Ltd., was established on December 14, 2007 by Che Jun and Che Quanhong, with registration number 441900000160222 and registered capital of RMB 5,000,000.00 at the time of establishment. Approved by the Dongguan Administration for Market Regulation, the Company obtained the "Business License" with a unified social credit code of 914419006698651618 on July 14, 2016. The Company was listed on the Shenzhen Stock Exchange on August 17, 2022 and currently holds a business license with a unified social credit code of 914419006698651618.

As of December 31, 2025, the Company has issued a total of 235,351,550 shares of share capital after years of converting into share capital and issuing new shares, with a registered capital of RMB 235,351,550.00. The registered address is: No. 32, Pingshan Industrial Road, Tangxia Town, Dongguan, Guangdong, China. The parent company is Shenzhen ZKTeco Times Investment Co., Ltd., and the actual controller is Che Quanhong.

The Company belongs to the computer, communication and other electronic equipment manufacturing industries, mainly engaged in the R&D, design, production, sales and services of computer vision and biometric technology and related products.

These financial statements and the notes thereto were approved for issue by the Company's Board of Directors on April 21, 2026.

IV. Preparation Basis for Financial Statements

1. Basis of preparation

The Financial Statements of the Company are prepared on the basis of the going-concern assumption, in accordance with actual transactions and events, and complying with the Accounting Standards for Enterprises - Basic Standards, various specific accounting standards, application guides of accounting standards for business enterprises, interpretation of accounting standards for business enterprises and disclosure rules of other relevant provisions (hereinafter refer to "Accounting Standards for Enterprises") issued by the Ministry of Finance, as well as the disclosure rules of the "Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (revised in 2023)" issued by the China Securities Regulatory Commission.

2. Going concern

The Company has no events or circumstances that cause material doubts about the going-concern assumption within 12 months from the end of the reporting period.

V. Important Accounting Policies and Estimates

Tips of specific accounting policies and estimates:

The Company and its subsidiaries have, based on their actual production and operation characteristics and in accordance with the relevant provisions of the Accounting Standards for Enterprises, formulated several specific accounting policies and accounting estimates for transactions and events such as revenue recognition, depreciation of fixed assets, and amortization of intangible assets. For specific accounting policies, please refer to the relevant explanations in Section V(23), Section V(26), Section V(34), etc. of this chapter.

1. Declaration of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Enterprises, and authentically and completely reflect financial position, business performance, cash flow and other relative information on the Company.

2. Accounting period

The accounting year shall begin on January 1 and end on December 31 on the Gregorian calendar.

3. Operating cycle

The normal operating cycle refers to the period from the time when the Company purchases the assets for processing to the time when the cash or cash equivalents are realized. The Company takes 12 months as its operating cycle and adopts it as its liquidity division criteria for assets and liabilities.

4. Recording currency

Renminbi is adopted as the recording currency of the Company and the domestic subsidiaries. Overseas subsidiaries of the Company use the currency of the main economic environment in which they operate as the recording currency and convert it into RMB when preparing financial statements.

The Company's financial statements are prepared by using RMB as currency.

5. Method for recognizing significance criteria and selection basis

Applicable Not applicable

Item	Significance criteria
Important construction in progress	The amount of individual construction in progress exceeds 1% of the total assets
Receivables with individual provision for significant items	The amount of individual receivables exceeds 1% of the total assets
Other important payables with an aging of over one year	Other individual payables exceeding 1% of total assets
Important accounts payable with an aging of over one year	The amount of individual accounts payable exceeds 1% of the total assets
Important partly-owned subsidiaries	The proportion of total revenue and total profit exceeds 10%
Important prepayments with an aging of over one year	The amount of individual prepayments exceeds 1% of the total assets
Important contract liabilities with an aging of over one year	The amount of individual contract liabilities exceeds 1% of the total assets
Important joint ventures or associates	The carrying amount of long-term equity investment exceeds 5% of the total assets
Significant cash flows from investing activities	The amount of cash flows from individual investing activities exceeds 1% of the total assets

6. Accounting treatment methods of business merger under the common control and merger under different control

Business combination refers to the transactions or events which merger two or more than two separate businesses into one reporting entity. Business merger involves entities under common control and not under common control.

1. Accounting treatment methods for business merger under common control

The enterprises involved in the combination are subject to the same party or ultimate parties before and after the merger, meanwhile the control is not temporary, this business combination is under the same control.

In a business combination, the assets and liabilities of the combined party, except for adjustments made due to differences in accounting policies, shall be measured at their book values as reflected in the consolidated financial statements of the ultimate controller on the combination date. The difference between the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controller and the book value of the consideration paid for the consolidation (or the total par value of the shares issued) shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

When a business combination under common control is achieved through multiple transactions in steps, the difference between the sum of the book value of the investment held before the combination and the book value of the new consideration paid on the combination date and the book value of the net assets acquired in the combination shall be adjusted to the capital reserve (share premium). If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted. For the long-term equity investment held by the combining party before obtaining control of the combined party, the gains or losses, other comprehensive income and other changes in owners' equity are recognized from the later date of the date on which the original equity was obtained and the date on which both the combining party and the combined party were under the ultimate control of the same party until the combination date. The opening retained earnings or current profits and losses of the comparative reporting period shall be offset respectively, except for other comprehensive income from the remeasurement of the net liability or net asset of the defined benefit plan of the investee.

2. Accounting treatment methods for business merger not under common control

The enterprises involved in the combination are not subject to the same party or ultimate parties before and after the merger, this business combination is not under the same control.

The difference between the merger cost and the fair value of the identifiable net assets obtained from the acquiree on the date of acquisition is recognized as goodwill by the Company. The acquirer shall treat the balance between the combination costs and the fair values of the identifiable net assets it obtains from the acquiree: it shall firstly reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination costs; and if, after the reexamination, the combination costs are still less than the fair values of the identifiable net assets it obtains from the acquiree, it shall record the difference into the current profits and losses.

If, on the date of acquisition or at the end of the consolidation period, due to various factors, it is impossible to reasonably determine the fair value of each asset paid as the consolidation consideration, or the fair value of each identifiable asset and liability obtained from the acquiree in the consolidation, the Company will account for the business combination based on temporarily determined values at the end of the consolidation period. If further information is obtained within 12 months from the date of acquisition indicating that the originally provisionally determined value needs to be adjusted, it shall be treated as if it occurred on the date of acquisition, and retroactive adjustments shall be made. At the same time, relevant adjustments shall be made to the comparative statement information provided on the basis of the provisional value. Adjustments to the cost of the business combination or the value of identifiable assets and liabilities acquired in the combination made after 12 months from the date of acquisition shall be handled in accordance with the principles set forth in "Accounting Standards for Enterprises No. 28 - Explanation of Changes in Accounting Policies, Accounting Estimates and Corrections of Errors".

The deductible temporary differences of the acquiree obtained by the Company in a business combination that do not meet the recognition conditions for deferred income tax assets on the date of acquisition shall not be recognized. Within 12 months after the date of acquisition, if new or further information is obtained indicating that the relevant circumstances on the date of acquisition already existed and it is expected that the economic benefits brought by the deductible temporary differences of the acquiree on the date of acquisition can be realized, the related deferred income tax assets shall be recognized, and at the same time, the goodwill shall be reduced. If the goodwill is insufficient to offset, the difference shall be recognized as current profits and losses. Except for above

situations, the deferred income tax assets recognized to be related to the business combination shall be included in current profits and losses.

For a merger under different control that is achieved through multiple transactions in steps, it shall be determined in accordance with the Accounting Standards for Enterprises whether such multiple transactions constitute a "package deal". The terms, conditions and economic impact of multiple transactions meet one or more of the following situations, which typically indicate that the multiple transaction matters should be accounted for as a package deal: (1) These transactions were entered into simultaneously or taking into account mutual influence; (2) These transactions as a whole can achieve a complete business result; (3) The occurrence of a transaction depends on the occurrence of at least one other transaction; (4) A transaction alone is not economical, but it is economic when considered with other transactions.

If the transaction belongs to a "package deal", each transaction shall be treated as a transaction to obtain control for accounting treatment. If the transaction is not a "package deal", the equity in the acquiree held before the date of acquisition in the consolidated financial statements shall be remeasured at its fair value as of the date of acquisition, and the difference between the fair value and the book value shall be recognized in the current investment income or retained earnings. The portion of equity in the acquiree held before the date of acquisition involving other comprehensive income and other changes in the owner' equity shall be converted into the current income on the date of acquisition, except for other comprehensive income from the remeasurement of the net liability or net asset of the defined benefit plan of the investee.

3. Treatment of transaction costs in business combinations

The agency fees and other related administrative expenses of the auditing, legal services, assessment consulting incurred for the business combination shall be included in current profits and losses when incurred. The transaction costs of the equity securities or debt securities as consideration for the merger shall be included in the initial recognition amount of the equity securities or debt securities.

7. Judgment criteria for control and preparation methods for consolidated financial statements

1. Judgment criteria for control and consolidation scope

The scope of consolidation of the consolidated financial statement is determined by whether the Company has the power to control over other entities. Control refers to the control power of the Company over the investee. Through the control, the Company can obtain variable return by participating in relevant activities of the investee and can affect the return amount by using the control power over the investee. The consolidation scope includes the Company and its subsidiaries. A subsidiary refers to an entity (including enterprises, separable parts of an investee, structured entities, etc.) that is controlled by the Company.

2. Preparation methods for consolidated statements

The Company prepares consolidated statements based on the financial statements of itself and its subsidiaries, and other relevant information. The Company prepares consolidated financial statements, treating the entire enterprise group as one accounting entity. In accordance with the recognition, measurement, and presentation requirements of relevant Accounting Standards for Enterprises, and in accordance with unified accounting policies, we reflect the overall financial position, operating results, and cash flows of the Company.

When consolidated financial statements, we offset the impact of internal transactions between the Company and its subsidiaries, as well as between subsidiaries, on the consolidated balance sheet, consolidated profit statement, consolidated cash flow statement, and the consolidated statement of changes in equity. If the recognition of the same transaction from the perspective of the consolidated financial statements of the enterprise group is different from that of the accounting entity of the Company or its subsidiaries, the transaction shall be adjusted from the perspective of the enterprise group.

During the reporting period, subsidiaries and businesses added due to the merger of enterprises under the same control are treated as having been included in the Company's consolidation scope since the date they were under the control of the ultimate controller. Their operating results and cash flows since that date are respectively incorporated into the consolidated profit statement and consolidated cash flow statement. During the reporting period, the opening balances of the consolidated balance sheet are adjusted

simultaneously, and the relevant items of the comparative statements are also adjusted. This is treated as if the consolidated statement entity had existed since the time when the ultimate controller began to exercise control.

In the current period, if a subsidiary is added due to a merger under different control, the opening balance of the consolidated balance sheet shall not be adjusted; adjustments shall be made to the financial statements according to the fair values of the identifiable assets on the date of acquisition. The income, expenses, and profits of subsidiaries from the date of acquisition to the end of the reporting period are incorporated into the consolidated profit statement; the cash flows of subsidiaries from the date of acquisition to the end of the reporting period are included in the consolidated cash flow statement.

The minority shareholders' equity, profit or loss and current comprehensive income of subsidiaries shall be separately presented under the owner's equity items in the consolidated balance sheet, the net profit item in the consolidated profit statement and the total comprehensive income item respectively. If the current losses shared by a minority shareholder of a subsidiary exceed the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority interests will be offset accordingly.

3. Partial disposal of subsidiary equity in the acquisition of minority shareholders' equity without loss of control

For the difference between the newly increased long-term equity investment from the acquisition of minority equity of the Company and the share of net assets in subsidiaries calculated constantly from the date of acquisition or the combination date as per the newly increased equity ratio, as well as the difference between the disposal price obtained from the partial disposal of equity investment in subsidiaries without loss of control and the share of net assets continuously calculated by subsidiaries from the date of acquisition or the combination date corresponding to the disposal of long-term equity investment shall be adjusted for the share premium in the capital reserve in the consolidated balance sheet. If the share premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

4. Disposal of subsidiary equity with loss of control

In the current period, if the Company disposed of a subsidiary, the income, expenses and profits of the subsidiary from the beginning of the period to the disposal date were included in the consolidated profit statement; the cash flow of the subsidiary from the beginning of the period to the disposal date is included in the consolidated cash flow statement. In the event the Company loses the right of control over the original subsidiary due to disposal of partial equity investment or other reasons, the remaining equity investment shall be re-measured at the fair value on the date of loss of control. The difference by using the sum of value received from disposal of equity and fair value of the residual equity to deduct the difference between the share of net assets and the sum of goodwill continually counted from the date of acquisition of the original subsidiary (calculated as per original share proportion) shall be recorded into the investment income of the current period in which the control right is lost. While losing of the control right, other comprehensive income related to the equity investment of the original subsidiary shall be subject to the accounting treatment (i.e. except for the changes caused by the original subsidiary remeasuring the net liabilities or net assets outside the defined benefit plan, the rest shall be converted to the current investment income together) by adopting the same basis used by acquiree for direct disposal of relevant assets or liabilities. Thereafter, the follow-up measurement for the remaining equity in this portion shall be carried out according to the Accounting Standards for Enterprises No. 2 - Long-term Equity Investments, or Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and other related provisions. Refer to "Main Accounting Policies and Accounting Estimates - Long-term Equity Investments" or "Main Accounting Policies and Accounting Estimates - Financial Instruments" for details.

5. Treatment of step-by-step disposal of equity investment in subsidiaries until control is lost

Where the Company disposes the equity of the subsidiaries through several transactions by steps until it loses the right of control, it is necessary to distinguish whether all transactions for disposal of the equity of the subsidiaries and losing the right of control are the package deal.

If all transactions involving the disposal of equity investment in subsidiaries until the loss of control right are treated as a package deal, the Company shall treat each transaction as the one involving the disposal of subsidiaries and the loss of control right for accounting treatment. However, the difference between each disposal price and the share of the subsidiary's net assets corresponding

to the investment disposal before the loss of control right shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred into the current profits and losses when the control right is lost.

For these transactions not belonging to package deal, the accounting treatment for each transaction shall be conducted in accordance with the applicable principles of "Disposal of Partial Long-Term Equity Investment to Subsidiary under the Condition of Not Losing Control Right" and "Losing Control Right over the Original Subsidiary due to Disposal of Partial Equity Investment or Other Reasons" (see previous paragraph for details). That is, before losing control, the difference between each disposal price and the share of the book value of the net asset of the subsidiary continuously calculated from the date of acquisition corresponding to the disposed investment shall be treated as an equity transaction and recorded in capital reserve (share premium). It shall not be transferred to the profit or loss of the period when control is lost.

8. Classification of joint venture arrangement and accountant treatment method of joint operation

A joint venture arrangement is an arrangement jointly controlled by two or more participants. The Company classifies joint venture arrangements as joint operations or joint ventures based on the rights and obligations it enjoys and assumes in the joint venture arrangements.

A joint venture refers to a joint venture arrangement in which the Company has rights only to the net assets of the arrangement. The Company accounts for its investment in the joint venture using the equity method, in accordance with the accounting policies for "Long-term equity investment calculated by using the equity method" as described in the section "Main Accounting Policies and Accounting Estimates - Long-term Equity Investments".

Joint operation refers to the joint venture arrangement in which the Company enjoys the assets related to the arrangement and undertakes the liabilities related to the arrangement. The Company confirms the following items related to the share of interests in joint operations and conducts accounting treatment in accordance with the relevant Accounting Standards for Enterprises:

1. The Company shall recognize the assets held alone and the jointly held assets according to the Company's share;
2. The Company shall recognize the liabilities borne alone and the jointly borne assets according to the Company's share;
3. The Company shall recognize the income generated from the sale of shares in joint operation;
4. The Company shall recognize the income generated from the sale of joint operation output according to the Company's share;
5. The Company shall recognize the expenses incurred alone and the expenses incurred from joint operation according to the Company's share.

Company's share.

When the Company, as a joint venture, contributes or sells assets to a joint operation (such assets do not constitute a business, the same below) or purchases assets from a joint operation, before such assets are sold to a third party, the Company only recognizes the portion of the gains or losses arising from such transactions that belong to the other participating parties of the joint operation. In the event that such assets suffer impairment losses in accordance with the provisions of "Accounting Standards for Enterprises No. 8 - Asset Impairment" and other relevant regulations, for the situation where the Company invests or sells assets to a joint operation, the Company shall fully recognize the loss. For the situation where the Company purchases assets from the joint operation, the Company recognizes the loss based on its share of the undertaking.

9. Recognition criteria of cash and cash equivalents

When preparing the cash flow statement, the Company recognizes the cash on hand and deposits that can be used for payment at any time as cash. Cash equivalents refer to investments held by enterprises with short term (generally due within 3 months from the date of acquisition), strong liquidity, easy conversion to known amount of cash, and small risk of value change.

10. Foreign currency transactions and foreign currency statement translation

1. Foreign currency transaction

For foreign currency transactions that occur, the spot exchange rate on the transaction date (usually referring to the middle rate of the foreign exchange rate announced by the People's Bank of China on that day, the same below) is used to convert them into the recording currency for accounting purposes. However, for foreign currency exchange transactions or transactions involving foreign currency exchange that occur within the Company, they should be converted into the amount of the recording currency based on the actual exchange rate adopted.

2. Translation methods of foreign currency monetary items and non-monetary items

The foreign currency monetary items on the balance sheet date are translated at the spot exchange rate on the balance sheet date; the resulting exchange differences are included in current profits and losses, except for: (1) The exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs; (2) The exchange differences of hedging instruments used for effective hedging of net investments in foreign operations (such differences are included in other comprehensive income and are recognized in current profits and losses only when the net investment is disposed of); and (3) The exchange differences arising from the changes in the book balances other than the amortized cost of foreign currency monetary items measured at fair value with changes recognized in other comprehensive income, which shall be included in current profits and losses.

Non-monetary items denominated in foreign currencies and translated at the balance sheet date are still measured at historical costs using the spot exchange rates at the date of the transactions. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date when the fair value is determined. After conversion, the difference between the amount of recording currency and the amount of the original recording currency shall be included in current profits and losses or other comprehensive income.

3. Foreign currency statement translation

The asset items and liability items in the balance sheet shall be translated at the exchange rate of the balance sheet date; the owner's equity items, except for "undistributed profits", shall be translated at the spot rate when incurred; the income and expense items in the profit statement are translated at the average spot exchange rate; the undistributed profits at the beginning of the year are the undistributed profits at the end of the previous year after conversion. The undistributed profits at the end of the year are calculated and presented based on the converted profit distribution items. The translation differences of foreign currency financial statements from conversion with the method mentioned above are reflected in "Other comprehensive income" under the shareholders' equity item on the balance sheet. When disposing of overseas operation and losing the control, it is required to transfer the differences in foreign currency statement translation listed under the shareholders' equity in the balance sheet and related to the overseas operation completely or as per the proportion of disposal of such overseas operation into the current profits and losses. If the reduction of the proportion of interests held overseas but not losing control over overseas operations is resulted from the disposing of partial equity investment or other reasons, the translation balance of foreign currency financial statements related to such overseas operations shall be vested in minority interests and will not be transferred to current profits and losses.

The cash flow statement is translated at the average exchange rate of the period in which the cash flows occur. The impact of exchange rate changes on cash is taken as a reconciliation item, and the item "impact of exchange rate changes on cash and cash equivalents" is separately presented in the Statement of Cash Flows.

11. Financial instruments

Financial instruments refer to contracts that create a financial asset for one party and a financial liability or an equity instrument for another party. Financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification, recognition basis and measurement method of financial instruments

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract. For the purchase of financial assets in the conventional way, the Company recognizes the assets to be received and the liabilities to be assumed on the trading day.

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in the current profits and losses, transaction costs shall be directly included in current profits and losses. For financial assets and financial liabilities classified into other categories, transaction costs shall be included into the initial recognized amounts. For accounts receivable that do not have a significant financing component at initial recognition, they are initially measured at the transaction price determined in accordance with the revenue recognition method described in the "Main Accounting Policies and Accounting Estimates - Revenue".

(2) Classification and subsequent measurement of financial assets

According to the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company divides the financial assets into three categories: financial assets measured at the amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in the current profits and losses.

1) Financial assets measured at amortized cost.

Financial assets measured at amortized cost refer to financial assets that simultaneously meet the following conditions: ① The business model of the Company in managing such financial assets is aimed at collecting contractual cash flows; ② The contractual terms of the financial asset provide that the only cash flows generated on a particular date are payments of principal and interest based on the principal amount outstanding.

This type of financial asset is measured at the amortized cost using the effective interest rate method after initial recognition. Any gains or losses arising therefrom are included in current profits and losses upon derecognition, amortization in accordance with the effective interest rate method, or impairment recognition.

The amortized cost of a financial asset shall be determined by adjusting the initial recognition amount of the financial asset as follows: ① deducting the principal repaid; ② plus or minus the accumulated amortization amount formed by amortizing the difference between the initial recognition amount and the maturity amount using the effective interest rate method; ③ deducting the accumulated loss provisions.

The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and allocating interest income or interest expenses to each accounting period. Actual interest rate refers to the interest rate used to discount the estimated future cash flows of a financial asset or financial liability over its expected lifespan into the book balance of the financial asset or the amortized cost of the financial liability. When determining the actual interest rate, the Company estimates the expected cash flow based on all contract terms of financial assets or liabilities (such as early repayment, extension, call options, or other similar options), but does not consider expected credit losses.

The interest income is calculated and determined by multiplying the book balance of the financial asset by the effective interest rate by the Company, except for the following circumstances: ① For the purchased or originated financial asset with credit impairment, the interest income is calculated and determined according to the amortized cost of the financial asset and the effective interest rate after credit adjustment from the initial recognition. ② For the financial asset purchased or originated without credit impairment but with credit impairment in the subsequent period, the interest income shall be calculated and determined according to the amortized cost and the effective interest rate of the financial asset. If the credit risk of the financial instrument improves in subsequent periods and no longer has credit impairment, and this improvement can be objectively linked to an event that occurs after the application of the above provisions, interest income shall be determined by multiplying the actual interest rate by the book balance of the financial asset.

2) Financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets measured at fair value and whose changes are included in other comprehensive income refer to the financial assets that simultaneously meet the following conditions: ① The financial asset is managed by the Company within a business model

whose objective is both to collect the contractual cash flows and to sell the financial asset. ② The contractual terms of the financial asset provide that the only cash flows generated on a particular date are payments of principal and interest based on the principal amount outstanding.

This type of financial asset is subsequently measured at fair value after initial recognition. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are included in current profits and losses, while other gains or losses are included in other comprehensive income. At the derecognition, the accumulated gains or losses previously included in other comprehensive incomes are transferred and included in current profits and losses.

For non-trading equity instrument investments, the Company may irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income at initial recognition. This designation is made on the basis of a single non-trading equity instrument investment, and the relevant investment conforms to the definition of an equity instrument from the perspective of the issuer of the instrument. Such investments, after their initial designation, have all gains or losses (including exchange gains and losses) other than dividends received that are included in current profits and losses (except for the portion that represents the recovery of the investment cost) included in other comprehensive income. At the derecognition, the accumulated profits and losses previously included in other comprehensive incomes are transferred from there to the retained earnings.

3) Financial assets measured at fair value and whose changes are included in the current profits and losses

Financial assets other than above 1) and 2) are classified by the Company as financial assets measured at fair value and whose changes are included in the current profits and losses. At the time of initial recognition, the Company may irrevocably designate certain financial assets as financial assets measured at fair value and whose changes are included in the current profits and losses in order to eliminate or significantly reduce accounting mismatch. Where the contingent consideration recognized by the Company in a business combination not under the same control constitutes a financial asset, the financial asset shall be classified as a financial assets measured at fair value and whose changes are included in the current profits and losses.

This type of financial asset is subsequently measured at fair value after initial recognition, and the gains or losses are included in current profits and losses.

(3) Classification and subsequent measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value and whose changes are included in the current profits and losses, financial liabilities arising from the transfer of financial assets where the conditions for derecognition are not met or where the Company continues to be involved in the transferred financial assets, financial guarantee contracts, and financial liabilities measured at amortized costs.

1) Financial liabilities measured at fair value and whose changes are included in the current profits and losses

Financial liabilities measured at fair value and whose changes are included in the current profits and losses include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities measured at fair value and whose changes are included in the current profits and losses. In a business combination not under common control, if the Company, as the acquirer, recognizes contingent consideration as a financial liability, such financial liability shall be accounted for at fair value with changes included in current profits and losses.

Financial liabilities measured at fair value and whose changes are included in the current profits and losses are subsequently measured at fair value after initial recognition, and the resulting gains or losses are included in current profits and losses.

The changes in the fair value of financial liabilities measured at fair value and whose changes are included in the current profits and losses due to changes in the Company's own credit risk are included in other comprehensive income, unless such treatment would cause or increase an accounting mismatch in profit or loss. Other changes in fair value of the financial liabilities are included in current profits and losses. At the derecognition, the accumulated profits and losses previously included in other comprehensive incomes are transferred from there to the retained earnings.

2) The transfer of financial assets does not meet the conditions for derecognition or continues to involve financial liabilities formed by the transferred financial assets.

This type of financial liabilities is measured in accordance with the method described in "Recognition basis and measurement method of financial asset transfer" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments".

3) Financial guarantee contract

A financial guarantee contract refers to a contract in which the Company is required to pay a specific amount to the contract holder who has suffered losses when the specific debtor is unable to pay its debts at maturity in accordance with the terms of the original or revised debt instrument.

Financial guarantee contracts that do not fall under either of the above circumstances 1) or 2) shall be subsequently measured after initial recognition at the higher of the following two amounts: ① the loss allowance amount determined in accordance with the "Impairment of Financial Instruments" in the "Main Accounting Policies and Accounting Estimates - Financial Instruments"; ② the balance after deducting the accumulated amortization amount determined in accordance with the revenue recognition method described in the "Main Accounting Policies and Accounting Estimates - Revenue" from the initial recognition amount.

4) Financial liabilities measured at amortized costs

Except for the situations described in 1), 2) and 3) above, the Company classifies all other financial liabilities as financial liabilities measured at amortized costs.

This type of financial liabilities is measured at the amortized cost using the effective interest rate method after initial recognition. Any gains or losses arising therefrom are included in current profits and losses upon derecognition or amortization in accordance with the effective interest rate method.

(4) Equity instruments

Equity instrument refers to a contract that can prove that the Company has the remaining equity in the assets after deducting all liabilities. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments shall be treated as changes in equity. Transaction costs related to equity transactions are deducted from equity. Any distribution of interests (exclusive of dividends) paid to equity holders by the Company is deducted from shareholders' equity. The Company does not recognize changes in the fair value of equity instruments.

2. Recognition basis and measurement method of financial asset transfer

The transfer of financial assets refers to the act of the Company assigning or delivering financial assets (or their cash flows) to a party other than the issuer of such financial assets. The derecognition of financial assets refers to the removal of previously recognized financial assets from the Company's balance sheet.

Financial assets that meet one of the following conditions shall be derecognized by the Company: (1) The contractual right to receive the cash flow of the financial asset is terminated; (2) The financial asset has been transferred, and almost all risks and rewards of the ownership of the financial asset have been transferred to the transferee; (3) The financial asset has been transferred. Although the Company has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has given up control of the financial asset.

If the Company neither transfers nor retains almost all the risks and rewards of the ownership of financial assets, and does not give a control of the financial assets, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

If the entire transfer satisfies the derecognition criteria, the difference between the following amounts shall be included in current profits and losses: (1) The book value of the transferred financial asset on the date of derecognition; (2) The sum of the consideration received for the transfer of financial assets and the amount corresponding to the derecognized part of the cumulative fair value changes originally recognized in other comprehensive income. Where the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets as a whole shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the following two amounts shall be included in current profits and losses: (1) The book value of the derecognized part on the date of derecognition; (2) The sum of the consideration received from the derecognized part and the amount corresponding to the derecognized part of the cumulative fair value

changes originally recognized in other comprehensive income. For non-trading equity instruments designated by the Company as measured at fair value with changes included in other comprehensive income, if the transfer of the entire or part of such instruments meets the conditions for derecognition, the difference calculated by the above method shall be included in retained earnings.

3. Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the recognition of the financial liability (or part of it) shall be terminated by the Company. When the Company (the borrower) enters into an agreement with the lender to replace an existing financial liability with a new one, and the contract terms of the new financial liability are substantially different from those of the original one, the original financial liability shall be derecognized and a new financial liability shall be recognized simultaneously. When the Company makes substantive modifications to the contract terms of the original financial liability (or a portion thereof), it derecognizes the original financial liability and simultaneously recognizes a new financial liability in accordance with the modified terms.

Where a financial liability (or part thereof) is derecognized, the Company shall include the difference between its book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) in current profits and losses. If the Company repurchases a portion of its financial liabilities, the overall book value of the financial liability shall be allocated based on the proportion of the fair value of the continuously recognized part and the derecognized part on the repurchase date to the overall fair value. The difference between the book value distributed to the derecognized part and the consideration paid (including non-cash assets transferred out or liabilities undertaken) shall be included in current profits and losses.

4. Determination of fair value of financial instruments

The methods for determining the fair value of financial assets and financial liabilities are described in the "Main Accounting Policies and Accounting Estimates - Fair Value".

5. Impairment of financial instruments

The Company performs impairment and recognizes loss provisions on financial assets measured at amortized cost, contract assets, debt instrument investments measured at fair value with changes recognized in other comprehensive income, lease receivables, and financial guarantee contracts as described in "Classification and subsequent measurement of financial liabilities" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments", based on expected credit losses. Expected credit losses refer to the weighted average value of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original effective interest rate, that is, the present value of all cash shortages.

For financial assets purchased or originated by the Company that have suffered credit impairment, only the cumulative changes in expected credit losses during the whole duration after initial recognition are recognized as loss reserves on the balance sheet date.

For receivables or contract assets arising from transactions governed by "Accounting Standards for Enterprises No. 14 - Revenue", and lease receivables governed by "Accounting Standards for Enterprises No. 21 - Leases", the Company uses a simplified measurement method to measure loss preparations based on the amount of expected credit losses equivalent to the entire duration of the life.

For financial instruments other than those measured by the above-mentioned methods, the Company measures loss provisions in accordance with the general approach and assesses at each balance sheet date whether the credit risk has significantly increased since initial recognition. If the credit risk of a financial instrument has not significantly increased since initial recognition and is in the first stage, the Company measures the loss provisions at an amount equal to the expected credit losses over the next 12 months. If the credit risk has significantly increased since initial recognition but no credit impairment has occurred, and the asset is in the second stage, the Company measures the loss provisions at the amount of expected credit losses over the entire duration. If a financial asset has experienced credit impairment since its initial recognition and is in the third stage, the Company measures the loss provisions at the amount of expected credit losses over the entire duration.

Expected credit losses over the entire remaining term refer to the expected credit losses resulting from all possible default events that may occur throughout the entire duration of a financial instrument. The expected credit loss in the next 12 months refers to the

expected credit loss caused by the possible default of financial instruments within 12 months after the balance sheet date (if the expected duration of financial instruments is less than 12 months, it is the expected duration), which is part of the expected credit losses for the whole duration.

Considering all reasonable and well-grounded information, including forward-looking information, the Company determines the relative changes of default risk of the financial instrument that occurred in the duration by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to assess whether credit risk of the financial instrument has been increased significantly since the initial recognition. For financial instruments where sufficient evidence regarding a significant increase in the credit risk cannot be obtained at a reasonable cost at the individual instrument level, the Company considers and assesses whether the credit risk has significantly increased on a portfolio basis. If the Company determines that a financial instrument has only a low credit risk as of the balance sheet date, it is assumed that the credit risk of the financial instrument has not significantly increased since its initial recognition.

The Company re-measures expected credit losses on each balance sheet date. The increase or reversal amount of the loss provision formed thereby is included in current profits and losses as impairment loss or gain. For financial assets measured at the amortized cost, the loss provision offsets the book value of the financial asset as presented on the balance sheet. For debt instrument investments measured at fair value with changes recognized in other comprehensive income, the Company recognizes loss provisions in other comprehensive income and does not reduce the book value of the financial asset as presented in the balance sheet.

6. Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities and is currently capable of executing such legal rights and the Company plans to settle the financial assets and liquidate the financial liabilities at the same time. The financial assets and the amount of financial liabilities are shown in the balance sheet after the offsetting. In addition, financial assets and financial liabilities are listed separately in the balance sheet and are not offset against each other.

12. Fair value

Fair value refers to the price receivable by the market participant from selling an asset or transferring a liability in an ordered transaction on the date of measurement. The Company measures the relevant assets or liabilities at fair value, assuming that the orderly transactions for the sale of assets or transfer of liabilities take place in the principal market for the relevant assets or liabilities. If there is no main market, the Company assumes that the transaction is conducted in the most favorable market for the relevant assets or liabilities. The principal market (or the most advantageous market) is the trading market that the Company can access on the measurement date.

The Company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information. The Company considers the ability of market participants to generate economic benefits by using the asset for its best use, or by selling it to other market participants who can use it for its best use. Priority is given to using relevant observable input values. Only when observable input values cannot be obtained or it is not feasible to obtain them, do we use unobservable input values.

Assets and liabilities measured or disclosed at fair value in the financial statements are classified into fair value levels based on the lowest level input value that is significant to the overall fair value measurement: The first level input value is an unadjusted quote for the same asset or liability that can be obtained on the measurement date in an active market; the second level input value is an input value that is directly or indirectly observable for related assets or liabilities other than the first level input value, including quotes for similar assets or liabilities in an active market; quotes for identical or similar assets or liabilities in a non-active market; observable inputs other than quoted prices, including interests and yield curves that are observable during the normal quote interval; the third level input value is an unobservable input for the relevant assets or liabilities, including interest rates, stock volatility, future cash flows of the abandonment obligations assumed in business combinations, and financial forecasts made using one's own data, which cannot be directly observed or verified by observable market data. On each balance sheet date, the Company re-evaluates the assets and liabilities

that are recognized in the financial statements and measured at fair value on a continuing basis to determine whether there has been a transfer between fair value measurement levels.

13. Notes receivable

1. Determination method and accounting treatment method of expected credit losses of notes receivable

The Company determines the expected credit losses of notes receivable and makes accounting treatment in accordance with the simplified measurement method as described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". On the balance sheet date, the credit loss of the notes receivable is measured at the present value of the difference between the contractual cash flows receivable and the expected cash flows to be received. The Company conducts separate impairment tests on notes receivable with significantly different credit risk characteristics and estimates expected credit losses. The remaining notes receivable are classified into several groups based on credit risk characteristics. The expected credit losses are estimated on the portfolio basis with reference to the historical credit loss experience, based on the current situation, and considering forward-looking information.

2. Combination categories for bad debt reserves based on credit risk characteristics and the determination basis

Portfolio Name	Basis for determining portfolio
Bank acceptance bill portfolio	The acceptor has a high credit rating, has not defaulted on bills in history, has extremely low credit loss risk, and has a strong ability to fulfill its cash flow obligations under payment contracts in the short term
Commercial acceptance bill portfolio	According to the credit rating of the acceptor.

3. Calculation method of aging of the credit risk characteristic combination confirmed by aging

The Company calculates the aging of notes receivable based on the principle of first in, first out.

4. Criteria for determining the bad debt reserve made individually

The Company conducts separate impairment tests on notes receivable with significantly different credit risk characteristics, such as a marked deterioration in the debtor's credit status, a low possibility of future collection, and the occurrence of credit impairment.

14. Accounts receivable

1. Determination method and accounting treatment method of expected credit losses of accounts receivable

The Company determines the expected credit losses of accounts receivable and makes accounting treatment in accordance with the simplified measurement method as described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". On the balance sheet date, the credit loss of the accounts receivable is measured at the present value of the difference between the contractual cash flows receivable and the expected cash flows to be received. The Company conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics and estimates expected credit losses. The remaining accounts receivable are classified into several groups based on credit risk characteristics. The expected credit losses are estimated on the portfolio basis with reference to the historical credit loss experience, based on the current situation, and considering forward-looking information.

2. Combination categories for bad debt reserves based on credit risk characteristics and the determination basis

Portfolio Name	Basis for determining portfolio
Related party portfolio	Accounts receivable from related parties within the scope of the Company's consolidated financial statements
Aging portfolio	Including accounts receivable other than the above portfolio

3. Calculation method of aging of the credit risk characteristic combination confirmed by aging

The Company calculates the aging of accounts receivable based on the principle of first in, first out.

4. Criteria for determining the bad debt reserve made individually

The Company conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as a marked deterioration in the debtor's credit status, a low possibility of future collection, and the occurrence of credit impairment.

15. Other receivables

1. Determination method and accounting treatment method of expected credit losses of other receivables

The Company determines the expected credit losses of other accounts receivable and makes accounting treatment in accordance with the general method as described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". On the balance sheet date, the credit loss of other accounts receivable is measured at the present value of the difference between the contractual cash flows receivable and the expected cash flows to be received. The Company conducts separate impairment tests on other accounts receivable with significantly different credit risk characteristics and estimates expected credit losses. The remaining accounts receivable are classified into several groups based on credit risk characteristics. The expected credit losses are estimated on the portfolio basis with reference to the historical credit loss experience, based on the current situation, and considering forward-looking information.

2. Combination categories for bad debt reserves based on credit risk characteristics and the determination basis

Portfolio Name	Basis for determining portfolio
Aging portfolio	Other receivables classified by age with similar credit risk characteristics.
Portfolio of deposits, security deposits, employee loans, export tax refunds, etc.	(1) All kinds of security deposit and cash pledge related to production and operation projects and can be recovered at the expiration of the period; (2) Employee provisions and collection and payment on behalf of others; (3) Taxes and fees for the goods to be recovered when declared for export according to the tax policy.
Related party portfolio	This portfolio includes accounts receivable from subsidiaries within the consolidation scope.

3. Calculation method of aging of the credit risk characteristic combination confirmed by aging

The Company calculates the aging of other accounts receivable based on the principle of first in, first out.

4. Criteria for determining the bad debt reserve made individually

The Company conducts separate impairment tests on other accounts receivable with significantly different credit risk characteristics, such as a marked deterioration in the debtor's credit status, a low possibility of future collection, and the occurrence of credit impairment.

16. Contract assets

1. Methods and standards for the recognition of contract assets

Contract assets refer to the right of the Company to receive consideration for the transfer of goods to customers, and the right depends on other factors other than the passage of time. The Company's unconditional (i.e., only depending on the time lapses) right to collect consideration from the customers shall be listed as receivables.

The Company offsets contract assets and contract liabilities under the same contract and presents them on a net basis.

2. Impairment of contract assets

(1) Determination methods and accounting treatment methods of the expected credit losses of contract assets

The Company determines the expected credit losses of contract assets and makes accounting treatment in accordance with the simplified measurement method as described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". On the balance sheet date, the credit loss of the contract assets is measured at the present value of the difference between the contractual cash flows receivable and the expected cash flows to be received. The Company

conducts separate impairment tests on contract assets with significantly different credit risk characteristics and estimates expected credit losses. The remaining contract assets are classified into several groups based on credit risk characteristics. The expected credit losses are estimated on the portfolio basis with reference to the historical credit loss experience, based on the current situation, and considering forward-looking information.

(2) Combination categories for impairment provisions based on credit risk characteristics and the determination basis

Portfolio Name	Basis for determining portfolio
Aging portfolio	Other accounts receivable classified by age with similar credit risk characteristics

(3) Calculation method of aging of the credit risk characteristic combination confirmed by aging

The Company calculates the aging of contract assets based on the principle of first in, first out.

(4) Criteria for determining the impairment provisions made individually

The Company conducts separate impairment tests on contract assets with significantly different credit risk characteristics, such as a marked deterioration in the debtor's credit status, a low possibility of future collection, and the occurrence of credit impairment.

17. Inventories

1. Inventory category, valuation method for issuing inventory, inventory taking system, amortization method for low value consumables and packaging materials

(1) Inventories include finished products or commodities held by the Company for sale in daily activities, products in process of production, materials consumed in the process of production or provision of labor services, in-transit materials, consigned processing materials, and contract performance costs.

(2) Enterprises measure inventories at actual cost. 1) The cost of purchased inventory is the procurement cost of such inventory. The cost of inventory obtained through further processing consists of the procurement cost and processing cost. 2) In debt restructuring, when the debtor uses inventory to settle debts, the entry value of the inventory should be determined based on the fair value of the creditor's claim waived and the directly attributable taxes and fees incurred to bring the inventory to its current location and condition. 3) On the premise that the non-monetary asset exchange has commercial substance and the fair value of the assets received or exchanged can be reliably measured, the entry value of the inventory received from the non-monetary asset exchange is usually determined based on the fair value of the exchanged assets, unless there is conclusive evidence that the fair value of the exchanged assets is more reliable; for non-monetary asset exchanges that do not meet the above conditions, the book value of the exchanged assets and the relevant taxes and fees payable shall be used as the cost for the inventory received. 4) The entry value of the inventory obtained by absorption and merger of enterprises under the same control shall be determined according to the book value of the combined party; the entry value of the inventory obtained by absorption and merger of enterprises not under the same control shall be determined at fair value.

(3) The cost of inventory issued by the enterprise is measured by the weighted average method.

(4) Amortization method for low value consumables and packaging materials

① Low value consumables are amortized by the one-off write-off method;

② Packaging materials are amortized by the one-off write-off method;

③ Other turnover materials are amortized using the one-off write-off method.

(5) Inventory taking system of the company is a perpetual inventory system.

2. Provision for inventory write-down

Recognition criteria and accrual method of inventory falling price reserves

On the balance sheet date, inventories are measured at the lower of their costs and net realizable value. The net realizable value of the inventory is based on the amount that the estimated selling price of the inventory subtracts the estimated cost, selling expenses and relevant taxes and fees occurring in the future. Confirmation of net realizable value should be based on the strong evidence for acquisition and ownership of the inventory, while taking into consideration the purpose of holding inventories as well as the effects of

the event after the balance sheet date. Except where there is clear evidence that the market price on the balance sheet date is abnormal, the net realizable value of inventory items at the end of the current period is determined based on the market price on the balance sheet date, among which:

1) For goods inventories directly used for sale, such as finished products, goods and materials for sale, during the normal production and operation process, the net realizable value shall be recognized by the estimated selling expenses of the inventory minus the estimated selling and distribution expenses and related taxes;

2) For material inventories to be processed, during the normal production and operation process, the net realizable value shall be recognized by the estimated selling price of the finished products produced minus the estimated costs to be incurred upon completion, estimated selling expenses and relevant taxes. On the balance sheet date, if a portion of the same inventory has a contract price agreement and other parts do not have a contract price, their net realizable value shall be determined separately, and compared with their corresponding costs to determine the amount of provision or reversal for inventory depreciation reserves.

At the end of the period, the inventory falling price reserves are accrued according to individual inventory items; however, for the inventory with large quantity and low unit price, the inventory falling price reserves shall be accrued according to the inventory category; and for inventories that are related to product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the inventory falling price reserves shall be accrued on a consolidated basis.

After the provision for inventory write-down, if the factors causing any write-down of the inventories do not exist any more and the net realizable value of inventory is higher than its book value, it shall be reversed in the amount of original provision for inventory write-down. The reversed amount shall be included in the current profits and losses.

18. Held-for-sale assets

1. Criteria for classification as held-for-sale assets

If the Company recovers the book value mainly by selling (including non-monetary assets exchange with commercial essence, the same below), rather than continuously using one non-current asset or disposal group, it shall divide it into the held-for-sale category when the following conditions are met:

(1) In accordance with the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under current conditions;

(2) Their sales are very likely to happen, that is, the Company has already made a resolution on a sales plan and obtained a certain purchase commitment and their sales are expected to be completed within one year. The sale shall be approved by relevant authorities or regulator according to the requirements of pertinent regulations has been approved. The determined purchase commitment refers to the legally binding purchase agreement signed between the Company and other parties, which contains important clauses such as transaction price, time and sufficiently severe penalty for breach of contract, so that the possibility of major adjustment or cancellation of the agreement is extremely small.

If the Company loses control over a subsidiary due to the sale of its investment in the subsidiary or other reasons, the overall investment in the subsidiary shall be classified as held for sale in the parent company's individual financial statements when the proposed investment in the subsidiary meets the criteria for classification as held for sale. In the consolidated financial statements, all assets and liabilities of the subsidiary are classified as held for sale.

When non-current assets or disposal groups held for sale no longer meet the classification criteria for held-for-sale assets, the Company ceases to classify them as held-for-sale assets. If some assets or liabilities are removed from a disposal group held for sale, and the remaining assets or liabilities in the disposal group form a new disposal group that still meets the classification criteria for held-for-sale assets, the Company will classify the new disposal group as held-for-sale assets. Otherwise, non-current assets that meet the classification criteria for held-for-sale assets will be classified as held-for-sale assets individually.

For non-current assets or disposal groups that first meet the classification criteria for held-for-sale assets in the current period, the balance sheet of comparable accounting periods shall not be adjusted.

2. Initial measurement and subsequent measurement of held-for-sale non-current assets or disposal groups

For non-current assets or disposal groups that are classified as held for sale on the acquisition date, the initial measurement amount and the net amount of fair value (assuming that they are not classified as held for sale) minus selling expenses shall be compared, and the lower amount shall be measured at the initial measurement. Except for non-current assets or disposal groups obtained in a business combination, the difference arising from the initial measurement amount being the net amount of fair value minus selling expenses of non-current assets or disposal groups is included in current profits and losses.

Before the Company initially classifies a non-current asset or a disposal group as held for sale, it measures the book values of the individual assets and liabilities within the non-current asset or disposal group in accordance with the relevant accounting standards. When the Company initially measures or remeasures the non-current assets or disposal groups held for sale on the balance sheet date, if the book value is higher than the net value of fair value minus selling expenses, the book value shall be written down to the net value of fair value minus selling expenses, and the amount written down shall be recognized as losses from impairment of assets and included in current profits and losses. At the same time, provision for impairment of held-for-sale assets shall be made. The non-current assets held for sale or the non-current assets of the disposal group are not depreciated or amortized, and the interest on debt and other fees of the disposal group held for sale shall be recognized further.

For the amount of losses from impairment of assets recognized by the disposal group held for sale, the book value of goodwill in the disposal group shall be offset first, and then the book value shall be offset proportionally according to the proportion of the book value of non-current assets measured and stipulated in the "Accounting Standards for Business Enterprises No. 42 - Non-Current Assets Held for Sale, Disposal Group and Termination of Business of the Disposal Group" (hereinafter referred to as No. 42 Standard) in the disposal group. When the Company remeasures the disposal group held for sale on the balance sheet date, it first measures the book values of the assets and liabilities in the disposal group that are not subject to the measurement provisions of No. 42 Standard in accordance with the relevant accounting standards, and then conducts accounting treatment in accordance with the above-mentioned relevant provisions.

If the net amount of the fair value of non-current assets held for sale minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of losses from impairment of assets recognized after being classified as held for sale, and the reversed amount shall be included in current profits and losses. The impairment loss of assets recognized before being classified as held for sale is not reversed.

If the net amount of the fair value of the disposal group held for sale minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of losses from impairment of assets recognized for non-current assets to which the measurement provisions of No. 42 Standard are applicable after being classified as held for sale, and the reversed amount shall be proportionally increased to the book value of each non-current asset in the disposal group, excluding goodwill, in accordance with the proportion of the book value of such assets to the total book value of the disposal group as measured under the applicable provisions of No. 42 Standard, and the reversed amount shall be included in current profits and losses. The book value of goodwill that has been offset and the losses from impairment of assets shall not be reversed before they are classified as held for sale.

3. Derecognition and measurement of non-current assets or disposal groups classified as held for sale

When non-current assets or disposal groups are no longer classified as held for sale categories or non-current assets are removed from the disposal groups held for sale because they no longer meet the classification conditions of held for sale categories, they shall be measured according to the lower of the following two: (1) The book value before being divided into held-for-sale category should have been recognized to be the amount after adjustments such as depreciation, amortization or impairment based on the situation in case it is not divided into the held-for-sale category; (2) Recoverable amount.

When the Company terminates the recognition of non-current assets or disposal groups held for sale, the unrecognized gains or losses shall be included in the current profits and losses.

4. Conditions for discontinued operations

Discontinued operations are components that meet one of the following conditions and can be distinguished separately, and have been disposed of or classified as held for sale:

- (1) This component represents an independent main business or a separate main business area;
- (2) This component is part of an associated plan to dispose an independent main business or a separate main business area;
- (3) This component is a subsidiary acquired exclusively for resale.

5. Presentation of discontinued operations

Disposal groups intended for disposal by ceasing use rather than by sale that meet the definition of discontinued operations in terms of components shall be presented as discontinued operations from the date of cessation of use. When the Company loses control over a subsidiary due to the sale of its investment in the subsidiary or other reasons, and the subsidiary meets the definition of discontinued operations, the relevant gains or losses from discontinued operations shall be presented in the consolidated financial statements. In the profit statement, the adjustment amount of the gain or loss from the disposal of discontinued operations shall be presented as the gain or loss from discontinued operations.

When non-current assets or disposal groups are no longer classified as held for sale or when non-current assets are removed from a disposal group classified as held for sale, the Company reports the adjustment amount of the book value of the non-current assets or disposal groups in the current profit statement as a component of continuing operations. When the Company's investments in subsidiaries, joint operations, joint ventures, associates, or certain investments in joint ventures or associates are no longer classified as held for sale or removed from a disposal group classified as held for sale, the Company adjusts the comparative data of the comparable accounting periods in the current financial statements accordingly after such classification as held for sale.

Impairment losses or reversals and gains or losses from disposal of non-current assets or disposal groups held for sale that do not meet the definition of discontinued operations are presented as part of continuing operations. Operating profit and loss and disposal profit and loss such as impairment loss and reversal amount of discontinued operations are presented as discontinued operating profit and loss.

For the discontinued operations presented in the current period, the Company will represent the information originally presented as the profit and loss from continuing operations as the profit and loss from discontinued operations in the comparable accounting period in the current financial statements. If the discontinued operation no longer meets the classification criteria for the held-for-sale assets, the Company shall, in the current financial statements, reclassify the information previously presented as discontinued operation gains or losses as continuing operation gains or losses for the comparable accounting periods.

19. Debt investment

The Company determines the expected credit losses of debt investments and makes accounting treatment in accordance with the general method as described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". On the balance sheet date, the Company measures the credit loss of debt investments by the present value of the difference between the contractual cash flows receivable from each individual debt investment and the expected cash flows to be received.

20. Long-term receivables

The Company determines the expected credit losses of lease receivables and long-term receivables with significant financing components formed by transactions regulated by the "Accounting Standards for Enterprises No. 14 - Revenue" in accordance with the simplified measurement method described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". For other long-term receivables, the expected credit losses are determined and accounted for in accordance with the general method described in "Impairment of Financial Instruments" of the "Main Accounting Policies and Accounting Estimates - Financial Instruments". On the balance sheet date, the Company measures the credit loss of long-term

receivables based on the present value of the difference between the contractual cash flows receivable and the expected cash flows receivable for each individual long-term receivable.

21. Long-term equity investment

The long-term equity investment referred to in this section means the long-term equity investment of the Company in the investee over which the Company has control, joint control or significant impact, including equity investments in subsidiaries, joint ventures and associates.

1. Judgment standard for common control and significant impact

Common control refers to the sharing of control over a certain arrangement under related agreements, while related activities of such arrangement must be recognized only with the unanimous consent of the parties involved in the sharing of control. Where the Company and other joint parties have common control over an investee and are entitled to the net assets of the investee, such investee shall be a joint venture of the Company. When determining whether there is joint control, the protective rights enjoyed are not taken into account.

Significant impact refers to the situation where the Company has the power to participate in the financial and operating decisions of an enterprise, but cannot control, individually or jointly with other parties, the formulation of these policies. Where the Company is able to have material influences on an investee, such investee shall be its associates. When determining whether it can exert significant impact on the investee, the impact of the investor's direct or indirect holding of the voting shares of the investee and the current enforceable potential voting rights held by the investor and other parties on the assumption of conversion into equity of the investee, including the impact of the current convertible warrants, share options and convertible corporate bonds issued by the investee.

2. Determination of the initial investment cost of long-term equity investment

(1) In case of a business combination under the same control, if the combining party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the combination consideration, the initial investment cost shall be the share of the book value of the owner's equity of the combined party in the ultimate controller's consolidated financial statements on the combination date. The difference between the initial investment cost of long-term equity investment and the cash paid, the book value of non-cash assets transferred, the book value of debts assumed or the total par value of shares issued shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the combined party under common control is obtained step by step through multiple transactions, and the business merger under common control is finally formed, whether it belongs to a "package deal" shall be dealt with respectively: if it belongs to a "package deal", each transaction shall be accounted for as a transaction to obtain control. If it does not belong to the "package deal", on the combination date, the initial investment cost of the long-term equity investment shall be the share of the book value of the shareholders' equity of the combined party in the consolidated financial statements of the ultimate controller. The capital reserve shall be adjusted according to the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the new payment consideration for the shares further obtained on the merger date; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. Other comprehensive income recognized for equity investment held before the combination date due to equity method accounting or other equity instrument investments is not subject to accounting treatment for the time being.

(2) In case of a business combination under different control, the Company recognizes the combination cost recognized on the date of acquisition as the initial investment cost of long-term equity investment. The combination cost refers to the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer on the date of acquisition for the purpose of acquiring the control over the acquiree. The agency fees and other related administrative expenses of the auditing, legal services, assessment consulting incurred by the acquirer for the business combination shall be included in current profits and losses when incurred. The transaction costs of the equity securities or debt securities issued by the acquirer as consideration for the merger shall be included in the initial recognition amount of the equity securities or debt securities. The Company treats the contingent consideration stipulated in the combination agreement as part of the consideration transferred in the business combination and includes it in the cost

of the business combination at its fair value on the date of acquisition. For a merger under different control that is achieved through multiple transactions in steps, it shall be determined in accordance with the Accounting Standards for Enterprises whether such multiple transactions constitute a "package deal". If the transaction belongs to a "package deal", each transaction shall be treated as a transaction to obtain control for accounting treatment. If it does not belong to the "package deal", the sum of the book value of the equity investment originally held by the acquiree and the new investment cost shall be used as the initial investment cost of the long-term equity investment calculated by the cost method. If the originally held equity is accounted for by the equity method, the relevant other comprehensive income will not be accounted for temporarily. For equity investments that were previously classified as other equity instruments, the difference between their fair value and book value, as well as the accumulated fair value changes previously recorded in other comprehensive income, shall be directly transferred to retained earnings.

(3) For other equity investments except long-term equity investments formed through business combinations, they are initially measured at cost: If they are acquired by paying cash, the actual purchase price paid shall be taken as the initial investment cost. If they are acquired by issuing equity securities, the fair value of the equity securities issued shall be taken as the initial investment cost. The expenses directly related to the issuance of equity securities shall be determined in accordance with the relevant provisions of the "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments". On the premise that the non-monetary asset exchange has commercial substance and the fair value of the assets received or exchanged and the tariffs payable can be reliably measured, the initial investment cost of the long-term equity investment received from the non-monetary asset exchange is determined based on the fair value of the exchanged assets, unless there is conclusive evidence that the fair value of the exchanged assets is more reliable; for non-monetary asset exchanges that do not meet the above conditions, the book value of the exchanged assets and the relevant taxes and fees payable shall be used as the initial investment cost for the long-term equity investment received. The initial investment cost of long-term equity investments obtained through debt restructuring shall be determined based on the fair value of the creditor's rights given up. Costs, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also included in the cost of investment.

If the investment can be added for material influence or common control on the investee but without control, the cost of long-term equity investment shall be the sum of the fair value of the originally held equity investment determined as per the "Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and the additional investment cost. It shall be used as the initial investment cost accounted for using the equity method. For equity investments that were previously classified as other equity instruments, the difference between their fair value and book value, as well as the accumulated fair value changes previously recorded in other comprehensive income, shall be directly transferred to retained earnings.

3. Subsequent measurement and profit or loss recognition methods for long-term equity investments

(1) Long-term equity investments accounted for using the cost method

Long-term equity investments of subsidiaries of the Company are accounted for using the cost method. Except the declared but not released cash dividends or profits which are included in actual amount or consideration paid for acquiring investments, the profit distribution or cash dividends declared by the investees are recognized as the investment income for current period.

(2) Long-term equity investment accounted for using equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method.

When equity method is adopted in accounting, if the cost of initial investment of long-term equity investment exceeds identifiable fair value of net assets of investees sharable at investment, the initial investment cost of long-term equity investment shall not be adjusted. If the initial investment cost of long-term equity investment is less than the fair value share of the identifiable net assets of the investee at the time of investment, the difference shall be included in current profits and losses and the cost of long-term equity investment shall be adjusted accordingly. After the long-term equity investment is acquired, if the accounting policies and accounting periods adopted by the investee entity are inconsistent with the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company and the investment profits and losses and other comprehensive income shall be recognized. The investment income and other comprehensive income shall be recognized respectively according to the share of net profit and loss and other comprehensive income realized by the investee that should be enjoyed or shared,

and the book value of the long-term equity investment shall be adjusted. In recognition of the share of the net profit or loss of the investee entity, the net profit of the investee shall be adjusted and confirmed on the basis of the fair value of the identifiable assets of the investee entity when the investment is made. The Company shall calculate the attributable part according to the profits or cash dividends declared to be distributed by the investee, and reduce the book value of long-term equity investment accordingly; the Company shall adjust the book value of long-term equity investment and include it in the owner's equity for other changes in the owner's equity of the investee other than net profits and losses, other comprehensive income and profit distribution. The unrealized profits or losses arising from the intra-company transactions amongst the Company and its associates and joint ventures are eliminated in proportion to the Company's equity interest in the associates and joint ventures, and then based on which the investment income is recognized. The internal trading losses incurred but not realized between the Company and the investees, belonging to asset impairment losses shall be recognized in full amount.

When the Company confirms that it shall share the losses incurred by the investee, it shall handle them in the following order: firstly, offset the book value of long-term equity investments. Secondly, if the book value of long-term equity investments is not sufficient to offset, investment losses shall be recognized to the extent of other long-term equity book values that essentially constitute net investments in the investee, and the book value of long-term accounts receivable shall be offset. Finally, after the above processing, if the enterprise still bears additional obligations as stipulated in the investment contract or agreement, the expected liabilities shall be recognized based on the expected obligations and included in the current investment loss. If the investee entity realizes the net profit in the later period, the Company will resume the recognition of the revenue after the unrecognized loss share has been made up by the revenue share.

During the holding period of the investment, if the investee prepares consolidated financial statements, the calculation shall be based on the amount attributable to the investee in the net profit, other comprehensive income and other changes in owner's equity in the consolidated financial statements.

If the assets invested by the Company to the joint venture or associate constitute the business, and the investor obtains the long-term equity investment but does not obtain the control right, the fair value of the investment business shall be taken as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the investment business shall be fully included in current profits and losses. If the assets sold by the Company to joint ventures or associates constitute a business, the difference between the consideration obtained and the book value of the business shall be included in current profits and losses. If the assets acquired by the Company from associates or joint ventures constitute a business, the accounting treatment shall be carried out in accordance with the "Accounting Standards for Business Enterprises No. 20 – Business Combinations", and the gains or losses related to the transaction shall be recognized in full.

4. Disposal of long-term equity investments

When disposing of long-term equity investment, the balance between the book value and actual price for acquisition shall be included into the current profits and losses.

(1) Disposal of long-term equity investment accounted for using the equity method

For long-term equity investments accounted for using the equity method, if the remaining equity is still accounted for using the equity method after disposal, the accounting treatment for the portion originally recognized in other comprehensive income shall be carried out on the same basis as the direct disposal of relevant assets or liabilities by the investee in a corresponding proportion when the investment is disposed of. The owner's equity, which is recognized by the fluctuation of the investee's other owner's equity, except for the net profit or loss, other comprehensive income and profit distribution, shall be carried over into the current profits and losses as per the proportion.

If the Company loses joint control or significant influence on the investee due to the disposal of part of the equity investment, the remaining equity after the disposal shall be accounted for in accordance with the financial instrument recognition and measurement standards. The difference between the fair value and the book value on the day when the joint control or significant influence is lost is included in current profits and losses. The other comprehensive income recognized by the original equity investment due to the equity method is used for accounting treatment on the same basis as the direct disposal of related assets or liabilities by the investee when the

equity method is terminated. All the owner's equity recognized due to the changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be transferred to the current profits and losses in full when the equity method of accounting is no longer adopted.

(2) Disposal of long-term equity investment accounted for using the cost method

For long-term equity investments that are accounted for by the cost method and the remaining equity is still accounted for by the cost method after disposal, other comprehensive income recognized by the equity method accounting or the Recognition and Measurement of Financial Instruments before obtaining the control over the invested company shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee, and shall be carried forward to the current profits and losses in proportion. Changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be carried forward to the current profits and losses in proportion.

Where the Company's shareholding ratio decreases due to capital increase by other investors, resulting in the loss of control but the ability to exercise joint control or significant influence over the investee, the Company shall recognize its share of the increase in the investee's net assets resulting from the capital increase based on the new shareholding ratio. The difference between this amount and the book value of the long-term equity investment corresponding to the decreased shareholding ratio shall be included in current profits and losses. Then, adjustments shall be made as if the equity method had been applied since the acquisition of the investment, in accordance with the new shareholding ratio.

If the Company loses control over a subsidiary due to the disposal of part of its equity investment or other reasons, and the remaining equity after disposal can jointly control or exert significant influence over the investee, it shall be accounted for using the equity method. The remaining equity shall be adjusted as if it had been accounted for using the equity method since the date of acquisition. The other comprehensive income and other owner's equity recognized due to the equity method accounting for the equity investment held before the date of acquisition shall be carried forward proportionally; if the remaining equity after disposal cannot exercise joint control or have a significant impact on the investee in the preparation of individual financial statements, the accounting treatment shall be carried out in accordance with the relevant provisions of the "Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments". The difference between the fair value and the book value on the date of loss of control shall be included in current profits and losses. Other comprehensive income and owner's equity shall be carried forward to the current profits and losses.

The Company disposes of equity investment in subsidiaries step by step through multiple transactions until the loss of control. If the above transactions belong to a package deal, each transaction shall be accounted for as a transaction to dispose of equity investment in subsidiaries and lose control. Before the loss of control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall be recognized as other comprehensive income, when the control right is lost, it will be transferred to the current profits and losses of the control right.

22. Investment real estate

Measurement model of investment real estate

Cost method measurement

Depreciation or amortization method

1. Investment real estate refers to the assets held for capital appreciation or lease earning as well as the aims of both, including the land use right which has already been leased out, land use right which is held for transfer after its appreciation and buildings which have already been leased out (including buildings that have been constructed or developed for the purpose of leasing and buildings that are being constructed or developed for the purpose of leasing).

2. Investment real estate is initially measured at cost and subsequently measured using the cost model. Expenditures related to investment real estate can be incorporated into their cost if the potential economic benefits related to them are likely to flow into the

Company and their cost can be reliably measured. Otherwise, subsequent expenditures should be recognized in current profits and losses in which they are incurred.

3. For investment real estate measured under the cost model, depreciation or amortization is provided for using the same methods as those for fixed assets and intangible assets.

4. When the use of investment real estate changes to self-use, from the date of change, the investment real estate shall be converted into fixed assets or intangible assets, and the book value before conversion shall be taken as the entry value after conversion. When the use of self-used real estate or inventory changes to earning rents or capital appreciation, from the date of change, fixed assets, intangible assets or inventory shall be converted into investment real estate, and the book value before conversion shall be taken as the entry value after conversion.

The impairment test method and impairment provision method for investment real estate are detailed in "Long-term assets impairment" of the "Main Accounting Policies and Accounting Estimates".

5. If the investment real estate is disposed or permanently withdrawn from use, and is expected to be unable to obtain economic benefits from its disposal, the confirmation of the investment real estate shall be terminated. The amount of proceeds on sale, transfer, retirement or damage of any investment real estate net of the book value of the investment real estate and the relevant taxes shall be accounted as current profits and losses.

23. Fixed assets

(1) Recognition conditions

Fixed assets refer to tangible assets that simultaneously possess the following characteristics: (1) Held for the production of commodities, the provision of labor services, the rental or operation and management; (2) With a useful life of more than one fiscal year.

No fixed asset may be recognized unless it simultaneously satisfies the following conditions: (1) The economic benefits relating to the fixed asset are likely to flow into the enterprise; and (2) Cost of such fixed assets can be measured reliably. Subsequent expenditures related to fixed assets that meet the recognition criteria shall be included in the cost of fixed assets. Expenditures that do not meet the above conditions shall be included in current profits and losses when incurred.

(2) Depreciation methods

Category	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-50 years	0%-5%	2.00%-5.00%
Machinery equipment	Straight-line method	5-10 years	0%-5%	10.00%-20.00%
Transportation vehicles	Straight-line method	4-10 years	0%-5%	10.00%-25.00%
Electronic equipment and others	Straight-line method	3-5 years	0%-5%	20.00%-33.33%

Descriptions:

(1) For the decoration expenses of fixed assets that meet the capitalization conditions, depreciation is separately accrued using the straight-line method over the shorter period between the intervals of two renovations and the remaining useful life of the fixed assets.

(2) The depreciation rate of fixed assets with provision for impairment shall also be calculated and determined by deducting the cumulative amount of provision for impairment of fixed assets.

(3) The Company shall at least review the useful life and estimated net residual value and depreciation method of fixed assets at the end of year. Any change shall be accounted for as the change in accounting estimate.

24. Construction in progress

1. Construction in progress is recognized when it is probable that economic benefits will flow in and the cost can be measured reliably. Construction in progress is measured at the actual cost incurred before the asset reaches its expected conditions for use.

2. Construction in progress is transferred to fixed assets when it reaches the expected conditions for use according to the actual project cost. For those that have reached the expected conditions for use but have not yet been subjected to final accounts, they shall be transferred to fixed assets based on the estimated value. After the final accounts are processed, the original estimated value shall be adjusted based on the actual cost, but the depreciation already calculated shall not be adjusted.

3. The impairment test method and impairment provision method for construction in progress are detailed in "Long-term assets impairment" of the "Main Accounting Policies and Accounting Estimates".

25. Borrowing costs

Borrowing costs are loan interests, amortization of depreciation or appreciation, auxiliary expenses, and exchange differences from foreign currency borrowings, etc.

1. Recognition principles for capitalization of borrowing costs

Borrowing costs of the Company which can be classified directly as expenses for the acquisition, construction or production activities for preparing an asset eligible for capitalization, shall be capitalized and booked into cost of capital; other borrowing costs shall be defined upon occurred as expenses on the basis of the amount and included in current profits and losses.

2. Capitalization period of borrowing costs

(1) The borrowing costs shall be capitalized when all of the following conditions are satisfied: 1) Asset expenditure has already incurred; 2) The borrowing costs have already incurred; 3) Acquisition, construction or production activities necessary to bring the asset to reach expected conditions for use or sale are in progress.

(2) Suspension of capitalization: If the construction or production of an asset that meets the capitalization conditions is interrupted abnormally and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended. Borrowing costs incurred during the interruption period are recognized as current expenses until the construction or production activities of the asset resume; if the interruption is a necessary step for making the eligible assets under acquisition, construction or production reach the expected conditions for use or marketing, the capitalization of the borrowing costs shall be continued.

(3) Cease of capitalization: When the acquisition, construction or production of assets that meet the capitalization conditions is ready for its expected conditions for use or sale, the capitalization of borrowing costs will cease. When a portion of the assets that meet the capitalization conditions are completed and can be used separately, the capitalization of the borrowing costs for that portion of the assets shall cease. If each part of the purchased or produced asset is completed separately, but can only be used or sold to the outside world after the overall completion, the capitalization of borrowing costs shall be stopped when the entire asset is completed.

3. Calculation methods for capitalization rate and capitalized amount of borrowing costs

Where a special loan is borrowed for the purchase and construction or production of assets eligible for capitalization, the amount of interest to be capitalized is determined by subtracting the interest income from depositing the unused loan funds in the bank or the investment income from temporary investments from the actual interest expenses incurred during the current period of the specific loan (including the amortization of discount or premium determined by the effective interest rate method). For the acquisition or production of assets that meet the capitalization conditions and have occupied general borrowings, the amount of interest on general borrowings that should be capitalized is determined by multiplying the weighted average of the asset expenditures exceeding the asset expenditures of specific borrowings by the capitalization rate (weighted average interest rate) of the occupied general borrowings. During the capitalization period, the capitalized amount of interest for each accounting period shall not exceed the actual interest amount incurred on the relevant borrowings in the current period. The exchange differences arising from the principal and interest of foreign currency-specific borrowings are capitalized during the capitalization period. Auxiliary expenses incurred for specific borrowings shall be capitalized if they occur before the assets being constructed or produced, which meet the capitalization conditions, reach the expected

conditions for use or sale. Expenses incurred after the assets reach the expected conditions for use or sale are included in current profits and losses. The auxiliary expenses incurred in general borrowings are included in current profits and losses when incurred. If there is a discount or premium on the loan, the amount of discount or premium to be amortized for each accounting period shall be determined using the effective interest rate method, and the interest amount for each period shall be adjusted.

26. Intangible assets

(1) Useful life and its determination basis, estimated situation, amortization method or review procedure

1) Initial measurement of intangible assets

Initial recognition of intangible assets is determined by acquisition costs. Costs of purchased intangible assets include purchase price, related taxes as well as other expenditures directly attributable to making such assets ready for intended use. Where the payment of the acquisition price for intangible assets is delayed beyond the normal credit terms, for those with financing nature, the cost of intangible assets is determined at the present value of the acquisition price. When an intangible asset is obtained from a debtor in debt restructuring as debt settlement, its entry value shall be determined based on the fair value of the abandoned claim and other costs directly attributable to bringing the asset to its intended use, such as taxes. On the premise that a non-monetary asset exchange has commercial substance and the fair value of the assets exchanged in or out can be reliably measured, the cost of the intangible assets acquired in a non-monetary asset exchange shall be the fair value of the assets given up and the relevant taxes and fees payable, unless there is conclusive evidence that the fair value of the assets acquired is more reliable; for non-monetary asset exchanges that do not meet the above conditions, the book value of the exchanged assets and the relevant taxes and fees payable shall be used as the cost for the intangible asset received, and no profit or loss shall be recognized.

Expenditures related to intangible assets are concluded into cost of intangible assets only if relevant economic benefits are likely to flow to the entity and the cost can be measured reliably; all other expenditures shall be included in current profits and losses.

Acquired land-use rights are usually recognized as intangible assets. Regarding self-constructed land or buildings, relevant land-use rights expenditures and construction costs of buildings shall be recognized as intangible assets and fixed assets separately. Regarding purchased plant and buildings, expenditures shall be distributed into land-use rights and buildings. Whereas it is difficult to reasonably distribute, it shall be wholly recognized as fixed assets.

2. Useful life and its determination basis, estimated situation, amortization method or review procedure of intangible assets

Based on a comprehensive assessment of factors such as the contractual or statutory rights of intangible assets, industry conditions, historical experience, and expert opinions, if it can be reasonably determined that an intangible asset will bring economic benefits to the Company for a certain period, it is classified as an intangible asset with a limited useful life; otherwise, it is regarded as an intangible asset with an indefinite useful life.

For intangible assets with a limited useful life, the following factors are typically considered when estimating their useful lives: (1) The normal life cycle of the products produced by using the asset and information on the useful lives of similar assets; (2) The current situation and future development trends in technology and processes; (3) The market demand for the products or services provided by the asset; (4) The expected actions of current or potential competitors; (5) The expected maintenance expenditures to maintain the asset's ability to generate economic benefits and the Company's ability to pay such expenditures; (6) Relevant legal provisions or similar restrictions on the control period of the asset, such as the term of a license or lease; (7) The correlation with the useful lives of other assets held by the Company, etc. The estimated useful lives of intangible assets with a limited useful life are as follows:

Item	Basis for estimated useful life	Period (year)
Software	Benefit period	2-10
Land use rights	Benefit period	From obtaining the land use right to the termination date of the land use right

Patents and patented technology	Benefit period	8
Customer relations	Benefit period	10

Intangible assets with a finite useful life are amortized systematically and reasonably within their useful lives in accordance with the expected realization method of the economic benefits related to such intangible assets. If the expected realization method cannot be reliably determined, the straight-line method is adopted for amortization. Intangible assets with an indefinite useful life are not amortized, but their useful lives are reviewed annually and impairment tests are conducted.

At the end of each year, the Company reviews the useful life and amortization method of intangible assets with limited useful life. If it is different from previous estimates, the original estimates shall be adjusted and changed according to accounting estimates. If the Company expects that certain intangible assets cannot bring future economic benefits to it, the book value of the intangible asset shall be all transferred into the current profits and losses.

(2) The scope of R&D expenditure collection and related accounting treatment methods

The expenditures of internal research and development projects of the Company are divided into research expenditures and development expenditures. Specific standards for dividing the research stage and development stage of the Company's internal research and development projects: The planned investigation stage carried out to acquire new technologies and knowledge, etc., shall be identified as the research stage, which is characterized by planning and exploration. The stage of applying research results or other knowledge to a plan or design before commercial production or use, in order to produce new or substantially improved materials, devices, products, etc., shall be identified as the development stage. This stage is characterized by its targeted nature and a relatively high possibility of achieving results.

Expenditures of internal research and development projects during research stage are included in current profits and losses upon occurrence. Expenses incurred during the development phase of internal research and development projects are recognized as intangible assets when the following conditions are met: (1) Complete such intangible asset to make it usable or salable with technical feasibility; (2) Having the intent to finish and use or sell the intangible asset; (3) The ways in which intangible assets generate economic benefits include proving that there is a market for the products produced by using the intangible assets or for the intangible assets themselves, and that the intangible assets will be used internally, their usefulness shall be proved; (4) There is sufficient support from technical, financial resources and other resources, to complete development of such intangible assets, and the ability to use or sell such intangible assets; (5) The expenditures attributable to development stage of such intangible assets shall be measured reliably. Expenditures that do not meet the above conditions shall be included in current profits and losses when incurred. If expenditure in research stage and expenditure in development stage fail to be divided, generated research expenditure shall be concluded in current profits and losses when they are incurred.

27. Long-term assets impairment

Long-term assets such as long-term equity investments, investment real estate measured at cost, fixed assets, construction in progress, right-of-use assets, intangible assets and goodwill, etc., may indicate that impairment has occurred if any of the following signs are present:

1. The market price of the asset has dropped significantly in the current period, and the decline is much greater than the expected decline due to the passage of time or normal use.
2. The economic, technological or legal environment in which the enterprise operates, or the market in which the asset is located, has undergone or will undergo major changes in the current period or in the near future, which will have an adverse impact on the enterprise.

3. The market interest rate or other market investment return rate has increased in the current period, affecting the discount rate used by the enterprise to calculate the present value of the expected future cash flows of the asset, resulting in a significant reduction in the recoverable amount of the asset.

4. There is evidence that the asset has become outdated or its physical entity has been damaged.

5. The asset has been or will be idle, discontinued or planned for early disposal.

6. Internal reports of the enterprise indicate that the economic performance of the asset has been or will be lower than expected, such as the net cash flow or operating profit (or loss) generated by the asset being far lower (or higher) than the expected amount.

7. Other indications that the asset may have suffered impairment.

If there are indications of impairment of the above-mentioned long-term assets as of the balance sheet date, impairment tests shall be conducted. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's estimated future cash flows. The methods for determining the fair value are described in the "Main Accounting Policies and Accounting Estimates - Fair Value". The disposal expenses shall include the relevant legal expenses, relevant taxes, truckage as well as the direct expenses for bringing the assets into a marketable state. The present value of the asset's estimated future cash flow shall be determined per the estimated future cash flow generated in the process of the asset's continuous use and the final disposal, based on the account upon selecting proper discount rate to discount the asset.

The provision for asset impairment shall be calculated and recognized on an individual basis. If it is difficult to estimate the recoverable amount of any individual asset, its recoverable amount shall be determined based on the asset group to which the concerned asset belongs. The group of assets is the minimum group of assets forming a cash-generating unit.

During the impairment test, the book value of the goodwill shown separately in financial statements is dividing to the asset group or combination of group assets that are expected benefit from the enterprise merger synergies. In case that the test results show that the recoverable amount of assets group or combination of assets groups including the allocated goodwill is lower than the book value, the corresponding impairment loss is recognized accordingly. The amount of the impairment loss shall be offset by the book value of such goodwill apportioned to the asset group or the combination of asset groups, then offset the book value of other assets proportionally based on the proportion of the book value of other assets other than goodwill in the asset group or the combination of asset groups.

Goodwill and intangible assets with indefinite useful lives shall be subject to impairment tests at least annually at the end of each fiscal year.

Once the above losses from impairment of assets are recognized, they will not be reversed for the value recovered in the subsequent periods.

28. Long-term deferred expenses

Long-term deferred expenses are recorded based on the actual amount incurred and amortized evenly over the benefit period or specified period. If a long-term deferred expense item cannot benefit future accounting periods, the amortized value of the item that has not yet been amortized will be fully transferred to the current profits and losses.

29. Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods to customers for consideration received or receivable from customers. The Company offsets contract assets and contract liabilities under the same contract and presents them on a net basis.

30. Employee compensation

(1) Accounting treatment methods for short-term compensation

During the accounting period when employees of the Company provide services, the actual employee wages and bonuses, as well as the social insurance premiums including medical insurance, work-related injury insurance and maternity insurance, and housing provident fund paid by the Company in accordance with the prescribed standards and ratios, are recognized as liabilities and included in current profits and losses or the cost of related assets. Payroll that is non-monetary benefits shall be measured at fair value if they can be reliably measured. If the liability is expected not to be fully settled within twelve months after the end of the annual reporting period in which the employee provides the related services, and the financial impact is significant, the liability shall be measured at its discounted amount.

(2) Accounting treatment method for post-employment welfare

The post employment welfare plan includes a defined contribution plan and a defined benefit plan. Where the defined contribution plan is a post employment welfare plan in which the enterprise will no longer assume further payment obligations after paying fixed fees to an independent fund; a defined benefit plan refers to a post employment welfare plan other than a defined contribution plan.

The Company contributes to the basic endowment insurance and unemployment insurance for its employees in accordance with the relevant regulations of the current government. During the accounting period when the employees provide services to the Company, the amount to be contributed as calculated based on the defined contribution plan is recognized as a liability and included in current profits and losses or the cost of related assets. After the Company regularly pays the above-mentioned funds in accordance with national standards, it has no further payment obligations.

(3) Accounting treatment method for dismissal welfare

The employee compensation liabilities arising from dismissal welfare shall be recognized and included in current profits and losses when the Company cannot unilaterally withdraw the dismissal welfare provided by the labor relationship termination plan or the reduction proposal and the Company confirms the costs or expenses related to the reorganization involving the payment of dismissal welfare, whichever is earlier. But for the condition in which the dismissal welfare cannot be fully paid within twelve months after the date indicated on the annual report, it should be paid as other long-term payroll.

31. Estimated liabilities

When the obligation related to contingent matters meets the following conditions simultaneously, they shall be recognized as estimated liabilities: 1. The obligation is the current obligation of the Company; 2. Performance of this obligation will probably cause outflow of economic interest of the Company; 3. The amount of such obligation can be measured reliably.

The estimated liabilities are initially measured according to the best estimate of the expenditure required to fulfill the relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies are taken into account. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimate is handled in the following situations: If there is a continuous range (or interval) of required expenses and the likelihood of various outcomes occurring within that range is the same, the best estimate is determined based on the average of the upper and lower limits of the range. If there is no continuous range (or interval) of required expenses, or although there is a continuous range, the likelihood of various outcomes occurring within that range is different, in the event that there is a contingency involving a single item, the best estimate shall be determined based on the amount most likely to occur; if the contingency involves multiple items, the best estimate shall be determined based on various possible outcomes and related probabilities.

If all or part of the expenditures to pay off estimated liabilities by the Company are expected to be compensated by third parties, once it is basically certain that compensation amount can be received, that amount can be recognized as asset individually but will not exceed book value of estimated liabilities.

The book value of the estimated liabilities is reviewed on each balance sheet date. Where there is concrete evidence proving that the book value cannot truly reflect the current best estimate, the book value of estimated liabilities shall be adjusted according to the current best estimate.

32. Share-based payment

1. Types of share-based payments

The Company's share-based payments are transactions that grant equity instruments or assume liabilities based on equity instruments to obtain services provided by employees or other parties. This includes equity settled share-based payments and cash settled share-based payments.

2. Method for determining the fair value of equity instruments

(1) If there is an active market, it shall be determined based on the quoted prices in the active market; 2) Valuation techniques are adopted if there is no active market, including reference to prices used in recent market transactions by various parties who are familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method and option pricing model.

3. Basis for confirming the best estimate of exercisable equity instruments

On each balance sheet date during the waiting period, the best estimate is made by the Company based on the latest changes in the number of eligible employees and subsequent information, and the estimated number of eligible equity instruments is revised. On the vesting date, the final estimated number of exercisable equity instruments is consistent with the actual number of exercisable equity instruments.

4. Accounting treatment for share-based payments

(1) Equity settled share-based payments

For share-based payments settled in equity that are made in exchange for services provided by employees, if the rights are immediately exercisable after grant, the fair value of the equity instrument on the grant date is recognized as an expense in the relevant cost or expense account and the capital reserve is adjusted accordingly. If the rights are exercisable only after the completion of a service period or the achievement of a performance condition, on each balance sheet date during the waiting period, the fair value of the equity instrument on the grant date is recognized as an expense in the relevant cost or expense account based on the best estimate of the number of equity instruments that will be exercisable, and the capital reserve is adjusted accordingly. No further adjustments are made to the recognized cost or expense and the total owner's equity after the vesting date.

For share-based payments settled in equity that are made in exchange for services provided by other parties, if the fair value of the services provided by the other parties can be reliably measured, it shall be measured at the fair value of the services on the acquisition date. If the fair value of the services provided by the other parties cannot be reliably measured but the fair value of the equity instrument can be reliably measured, it shall be measured at the fair value of the equity instrument on the acquisition date, and it is included in the relevant cost or expense, with the owner's equity increased accordingly.

(2) Cash settled share-based payments

For share-based payments settled in cash that are made in exchange for employee services, if they are immediately exercisable upon grant, the fair value of the liability assumed by the Company on the grant date is recognized as an expense in the relevant cost or expense, and the liability is increased accordingly. For cash settled share-based payment that can be exercised only after completing the services in the waiting period or meeting the prescribed performance conditions in exchange for employee services, on each balance sheet date in the waiting period, based on the best estimate of the exercisable rights, the services obtained in the current period shall be included in the cost or expense and the corresponding liabilities according to the fair value amount of the Company's liabilities. On

each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of liabilities shall be re-measured, and the changes shall be included in the current profits and losses.

(3) Modification and termination of share-based payment plans

If the modification increases the fair value of the granted equity instrument, the Company recognizes the increase in the fair value of the equity instrument as an increase in the amount of services obtained; if the modification increases the number of granted equity instruments, the Company recognizes the increase in the fair value of the additional equity instruments as an increase in the amount of services obtained; if the company modifies the vesting conditions in a way that is favorable to the employees, the Company considers the modified vesting conditions when dealing with the vesting conditions.

If the modification reduces the fair value of the granted equity instrument, the Company continues to recognize the amount of services obtained based on the fair value of the equity instrument on the grant date, without considering the reduction in the fair value of the equity instrument; if the modification reduces the number of granted equity instruments, the Company treats the reduction as the cancellation of the granted equity instruments; if the vesting conditions are modified in a way that is unfavorable to the employees, the modified vesting conditions are not considered when the Company deals with the vesting conditions.

If the equity-settled share-based payment is cancelled, it is treated as accelerated vesting on the cancellation date, and the unrecognized amount is immediately recognized (the amount that should be recognized during the remaining waiting period is immediately included in current profits and losses, and capital reserve is recognized at the same time). If the employee or other parties are able to meet the non-vesting conditions but fail to do so during the waiting period, it is treated as the cancellation of the equity-settled share-based payment. However, if new equity instruments are granted and it is determined on the grant date of the new equity instruments that they are intended to replace the cancelled equity instruments, the new equity instruments are treated in the same way as if the terms and conditions of the original equity instruments were modified.

5. Share-based payment transactions involving enterprises within the scope of the Company's consolidation, the Company and its actual controller or other shareholders, or the Company and other enterprises within the same group shall be handled in accordance with the relevant provisions of Article 7 of the Interpretation No. 4 of the Accounting Standards for Business Enterprises on share-based payments within a group.

33. Share repurchase

When the Company acquires its own shares due to reduction of registered capital or rewarding employees, etc., the actual payment amount shall be treated as treasury shares and recorded for reference. If the repurchased shares are cancelled, the difference between the total par value of the cancelled shares (calculated based on the par value per share and the number of cancelled shares) and the actual payment amount for the repurchase shall be offset against the capital reserve. If the capital reserve is insufficient to cover the offset, the retained earnings shall be offset. If the repurchased shares are awarded to the Company's employees, they shall be treated as share-based payments settled in equity. When the employees exercise their rights to purchase the Company's shares and the Company receives the payment, the cost of the treasury shares delivered to the employees and the accumulated amount of the capital reserve (other capital reserves) during the waiting period shall be written off, and the difference shall be adjusted to the capital reserve (share premium).

34. Revenue

Accounting policies adopted for disclosing revenue recognition and measurement according to business types

1. General principle for revenue recognition

The Company's revenue mainly comes from the sale of goods. The Company uses the transfer of control as the criterion for determining the timing of revenue recognition. The Company recognizes the revenue when performance obligations under the contract are performed, i.e., the consumer obtains the control power over relevant goods.

If any of the following conditions is met, the Company is deemed to have performed its performance obligations over a period of time; otherwise, it is deemed to perform its performance obligations at a point in time: (1) Customers obtain and consume the economic benefits brought by the Company's performance at the same time as the Company's performance; (2) Customers can control the goods under construction in the process of performance of the Company; (3) The goods produced in the process of performance by the Company have irreplaceable uses, and the Company has the right to collect payments for the accumulated performance so far during the whole contract period.

For the performance obligations within a certain period of time, the Company recognizes the revenue in accordance with the performance progress during the period, except that the performance progress cannot be determined reasonably. When the performance of the performance cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue will be recognized according to the amount of cost incurred, until the performance of the performance can be reasonably determined.

For the performance obligations performed at a certain time point, the Company recognizes revenue at the time when the customer obtains control over the relevant goods. In the judgment of whether the customer has obtained the control over the goods, the Company will consider the following indications: (1) The Company enjoys the current collection right in respect of the goods, that is, the customer has the current payment obligation in respect of the goods; (2) The Company has transferred the legal title of the goods to the customer, that is, the customer already owns the legal title of the goods; (3) The Company has transferred the physical goods to the customer, that is, the customer has possessed the physical goods; (4) The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; (5) The customer has accepted the product; (6) Other signs that customers have gained control of the goods.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation, and measure the income according to the transaction price apportioned to each individual performance obligation. The transaction price is the amount of consideration that the Company is expected to be entitled to receive for the transfer of goods to customers. Amounts collected by the Company on behalf of third parties and amounts that the Company expects to refund to customers are accounted for as liabilities and are not included in the transaction price. Where there is variable consideration in a contract, the Company determines the best estimate of variable consideration based on expected value or the most likely amount to occur, but the transaction price including variable consideration shall not exceed the amount of the cumulative recognized revenue that is highly unlikely to result in a significant reversal when the relevant uncertainty is eliminated. If there are significant financing components in the Contract, the Company will determine the transaction price based on the amount payable which is assumed to be paid by the customer in cash when obtaining the control right on goods. The difference between the transaction price and the contract consideration shall be amortized using the effective interest rate method during the contract period. On the commencement date of the contract, if the Company expects that the interval between the customer's acquisition of control over the goods and the customer's payment of the price shall not exceed one year, the significant financing component of the contract shall not be taken into account.

2. Specific principles for recognizing the Company's revenue

1) The principle for recognizing domestic offline sales revenue of products: If the Company sells its products to engineering contractors, dealers, and end customers, and the contract is signed without installation, the Company will send the goods to the customer or the customer will pick them up at their doorstep according to the delivery method agreed in the sales contract. The customer receives the goods and accepts them as qualified. The revenue is recognized when the Company obtains the customer's receipt certificate.

2) The principle for recognizing revenue from overseas offline sales of products: For domestic companies that directly export and sell products, for those that declare and export through sea and air freight, the export customs declaration procedures are completed, the customs declaration form is obtained, and the revenue is recognized when obtaining the bill of lading. For customs declaration and export through express delivery, revenue shall be recognized based on the date of the customs declaration. If the overseas subsidiary sells overseas, the goods shall be delivered to the customer or picked up at the customer's doorstep according to the agreed delivery method with the customer. Revenue shall be recognized when the customer receives the goods and the acceptance is qualified.

3) The principle for recognizing sales revenue through online self operation mode of products: In self operation mode, the Company mainly sells products directly to consumers through domestic e-commerce platforms (Tmall, Taobao, JD, PDD, Suning) and overseas e-commerce platforms (Amazon, Lazada, Shoppe). The Company confirms online self operated business revenue when sending out goods, either directly confirmed by consumers or automatically confirmed by the system's default delivery time and meeting the return period terms.

4) Principle for recognizing sales revenue of system integration: The sales of company system integration products include providing customers with supporting products, installation, debugging, and system trial operation, and other supporting services. After passing the acceptance inspection, sales revenue is recognized.

5) Software sales revenue recognition principle: The software is directly provided to the buyer and requires a dedicated software authorization code to be used. After the software authorization code is provided to the buyer, the realization of software sales revenue is recognized. If the company contract stipulates that the software needs to be installed, debugged, or inspected, the software sales revenue will be recognized after the installation, debugging, or inspection are completed and an acceptance report is obtained.

3. Principles for income processing of specific transactions

1) A contract with quality assurance clauses attached

The Company shall assess whether the quality assurance provides a separate service beyond ensuring that the products sold meet established standards to customers. If the Company provides additional services, it shall be treated as a single performance obligation and subject to accounting treatment in accordance with the income standards; otherwise, the quality assurance responsibility shall be accounted for in accordance with the accounting standards for contingencies.

2) Main responsible persons and agents

The Company determines whether it the main responsible person or agent when engaging in transactions based on whether it has control over the goods or services before transferring them to customers. If the Company is able to control the goods or services before transferring them to customers, it is the main responsible person and recognizes revenue based on the total amount of consideration received or receivable; otherwise, the Company acts as an agent and recognizes revenue based on the expected amount of commission or handling charges entitled to receive. This amount is determined by deducting the total amount of consideration received or receivable from the amount payable to other relevant parties.

The adoption of different business models for similar businesses involves different revenue recognition methods and measurement methods

35. Contract cost

1. Recognition conditions for contract costs

Contract costs include contract acquisition costs and contract performance costs.

If the incremental cost incurred by the Company for acquiring the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. Other expenditures incurred by the Company for the purpose of obtaining the contract, other than the incremental costs expected to be recovered, are included in current profits and losses when incurred, except those expressly borne by the customer.

Cost incurred by the Company for the performance of the contract, which does not fall within the scope of other Accounting Standards for Enterprises other than the revenue standards and meets the following conditions at the same time, is recognized as an asset as the contract performance cost: (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer and other costs incurred solely as a result of the contract; (2) This cost increases the resources that the Company will use to fulfill its performance obligations in the future; (3) The cost is expected to be recovered.

2. Amortization of assets related to contract costs

The assets recognized at the cost of contract acquisition and the assets recognized at the contract performance costs (hereinafter referred to as the assets related to contract costs) are amortized on the same basis as the recognition of goods or services related to the

assets and included in current profits and losses. For amortization periods of contract acquisition costs not exceeding one year, they are included in current profits and losses when incurred.

3. Impairment of assets related to contract costs

When determining the impairment loss of assets related to contract costs, the Company first determines the impairment loss of other assets related to the contract that are recognized in accordance with other Accounting Standards for Enterprises. Then, the Company determines the impairment loss of the assets related to the contract costs. If the book value of the assets related to contract costs is higher than the difference between the expected remaining consideration for the transfer of goods related to the asset and the estimated cost to be incurred for the transfer of the related goods of the Company, the excess shall be subject to provision for impairment and recognized as losses from impairment of assets.

After impairment provisions have been made, if the factors that led to the impairment in previous periods change, and the difference between the expected remaining consideration that the Company can obtain from the transfer of the goods related to the asset and the estimated costs to be incurred for the transfer of such goods exceeds the book value of the asset, the previously recognized impairment provisions shall be reversed and included in current profits and losses. However, the book value of the asset after the reversal shall not exceed the book value that would have been recorded if no impairment provision had been made.

36. Government subsidies

1. Classification of government subsidies

Government subsidies refer to monetary and non-monetary assets acquired by the Company from the government for free. It is divided into government subsidies related to assets and those related to income.

Government subsidies related to assets refer to the governmental subsidies that are obtained by the Company and used for constructing long-term assets, or forming the long-term assets in other ways, including fiscal grants for the purchase of fixed assets or intangible assets, and fiscal subsidies for the interest on specific borrowings for fixed assets, etc. The government subsidies related to income refer to other government subsidies other than those related to assets. For the government subsidies that include both asset-related and income-related portions, accounting treatments shall be subject to different portions; if difficult to distinguish them, they shall be classified as government subsidies related to income in whole.

The specific criteria adopted by the Company for classifying government subsidies are as follows:

(1) If the government subsidy document stipulates that the subsidy target uses the subsidy to purchase, construct or otherwise form long-term assets, or if the subsidy target's expenditure is mainly used for purchasing, constructing or otherwise forming long-term assets, it is classified as government subsidies related to assets.

(2) If the government subsidy obtained based on the government subsidy document is entirely or mainly used to compensate for expenses or losses that will occur in the future or have already occurred, it is classified as government subsidies related to income.

(3) If the government document does not clearly specify the subsidy target, the government subsidy will be classified as either a government subsidies related to assets or a government subsidies related to income in the following ways: 1) If the government document clearly specifies the particular project the subsidy is intended for, the classification is made based on the relative proportion of the expenditure amount that will form assets and the expenditure amount that will be recorded as expenses in the budget of that particular project. This classification ratio needs to be reviewed on each balance sheet date and changed if necessary; 2) If the government document only makes a general statement about the purpose and does not specify a particular project, it is classified as a government subsidies related to income.

2. Recognition time point for government subsidies

The Company usually confirms and measures government subsidies based on the actually received amount when they are actually received. However, at the end of the period, there is conclusive evidence showing that it can meet the relevant conditions stipulated by the financial support policy. The government subsidies measured according to the receivable amount shall meet all the following requirements:

(1) The subsidy is based on the financial support project officially issued and actively publicized by local finance department in accordance with the provisions of the "Regulations on the Disclosure of Government Information", and its financial fund management method which shall be inclusive (any enterprise which meets the specified requirements may apply) rather than dedicated to specific enterprise;

(2) The amount of subsidy receivable has been recognized by government authority departments via issuance of documents, or the amount can be reasonably calculated according to relevant regulations in the financial fund management method officially issued and no significant uncertainty is expected for such amount;

(3) The appropriation period has been specified in relevant approved subsidy document and there is corresponding financial budget for the appropriation of such subsidy, so it is reasonable certain that the subsidy can be received within specified period;

(4) Any other relevant requirements which shall be met according to the specific conditions of the Company and the subsidy.

3. Accounting treatment of government subsidies

If government subsidies are monetary assets, they shall be measured at the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured at fair value. If the fair value cannot be obtained reliably, it shall be measured at the nominal amount. Government subsidies measured at their nominal amounts are directly included in the current profits and losses.

Based on the essence of economic transactions, the Company determines whether a certain type of government subsidy business shall be accounted for using the gross price method or the net amount method.

Item	Accounting content
Government subsidy categories accounted for using the gross price method	Other government subsidies except for government interest subsidies
Government subsidy categories accounted for using the net amount method	Government interest subsidies

Government subsidies related to assets shall be used to offset the book value of the related assets or recognized as deferred incomes. Government subsidies related to assets are recognized as deferred income and included in the profits and losses in stages within the useful life of the assets constructed or purchased in a reasonable and systematic way.

Government subsidies related to income used to compensate related costs or losses in later periods shall be recognized as deferred income, and included in current profits and losses or to write off related costs during the period of recognition of related costs or losses. Relevant costs or losses incurred for compensation shall be directly included in current profits and losses or to write off related costs.

The government subsidies related to the enterprise's daily activities shall be included in other income or offset against relevant costs; and the government subsidies unrelated to the enterprise's daily activities shall be included in non-operating revenue and expenditure.

The policy-based preferential loan discount obtained by the Company will be accounted according to the following two conditions:

(1) Where the finance allocates the discount fund to the lending bank and the lending bank provides a loan at the policy-based preferential interest rate for the enterprise, the Company includes the actually received loan amount as the entry value of the loan and counts relevant borrowing costs based on loan principal and the policy-based preferential interest rate.

(2) Where the finance directly allocates the discount fund to the Company, the Company uses the corresponding discount to offset relevant borrowing costs.

If the recognized government subsidies need to be returned, the Company will conduct accounting treatment for the current period when they need to be returned:

(1) If the book value of the relevant assets is offset at the time of initial recognition, the book value of the assets shall be adjusted.

(2) If there is relevant deferred income, the book balance of relevant deferred income shall be offset, and the excess shall be included in current profits and losses.

(3) If it belongs to other circumstances, it shall be directly included in current profits and losses.

The principle for distinguishing government subsidies recorded in different profit and loss items is: The governmental subsidies related with the Company's daily activities shall be included in other income or write down related costs according to the economic

business essence. Government subsidies unrelated to the Company's daily activities are included in non-operating revenue and expenditure.

37. Deferred income tax assets/deferred tax liabilities

1. Recognition and measurement of deferred income tax assets and deferred tax liabilities

The Company adopts the balance sheet liabilities method to recognize deferred income tax based on the temporary difference between the book value of assets/liabilities and tax basis at the balance sheet date. The current income tax and deferred income tax of the Company are included in current profits and losses as income tax expense or income, except for the income tax arising from the following circumstances: (1) Business combination; (2) Transactions or events directly recognized in owner's equity; (3) Dividend expenditures on financial instruments classified as equity instruments in accordance with the "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments", etc., can be deducted before corporate income tax in accordance with tax policies, provided that the distributed profits are derived from transactions or events previously recognized in the owner's equity.

For any deductible temporary difference, any deductible loss or tax credit that can be carried forward to future years, the corresponding deferred income tax assets shall be recognized to the extent that the amount of future taxable income to be offset by the deductible temporary difference, deductible loss or tax deduction to be likely obtained, unless the said deductible temporary difference is generated in the following transactions:

(1) This transaction is not a business combination. At the time of the transaction, it neither affects accounting profit nor taxable income (or deductible losses), and the initially recognized assets and liabilities will not generate equivalent taxable temporary differences and deductible temporary differences.

(2) For deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, the corresponding deferred income tax assets are recognized if the following conditions are met: the temporary differences are likely to be reversed in the foreseeable future, and the taxable income amount used to offset the deductible temporary differences is likely to be obtained in the future.

Deferred tax liabilities shall be recognized for all taxable temporary difference, unless the said taxable temporary difference is generated in the following transactions:

(1) The initial recognition of the goodwill, or the initial recognition of the assets or liabilities caused in the dealing with the following feature: This transaction is not a business combination. At the time of the transaction, it neither affects accounting profit nor taxable income (or deductible losses), and the initially recognized assets and liabilities will not generate equivalent taxable temporary differences and deductible temporary differences.

(2) The temporary taxable difference related to the subsidiaries, joint ventures and associates, whose time of the reverse can be controlled and which is unlikely to be reversed in the excepted future.

Based on the differences between the book value and the tax base of assets and liabilities (for items not recognized as assets or liabilities, the differences between their tax bases determined in accordance with tax laws and their book values), deferred income tax assets or deferred tax liabilities are recognized by calculating at the applicable tax rate during the period expected to recover the asset or settle the liability.

For individual transactions that are not business combinations and do not affect accounting profits or taxable income (or deductible losses) at the time of occurrence, and where the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences (including lease transactions where the lessee initially recognizes lease liabilities and includes them in right-of-use assets on the commencement date of the lease term, and transactions where estimated liabilities are recognized due to the existence of disposal obligations for fixed assets and other assets and included in the cost of the relevant assets, etc.), the Company recognizes the corresponding deferred tax liabilities and deferred income tax assets for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities at the time of the transaction.

The recognition of deferred income tax assets is limited to the extent that it is probable that sufficient taxable income will be available in future periods to utilize the deductible temporary differences. On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable income will be available in future periods to utilize the deductible temporary differences, the Company recognizes deferred income tax assets that were not recognized in previous accounting periods. The book value of deferred income tax assets is reviewed. If it is probable that sufficient taxable income will not be available in future periods to utilize the benefit of deferred income tax assets, the book value of deferred income tax assets is reduced. When it is probable that sufficient taxable income will be available, the reduction is reversed.

2. The current income tax assets and liabilities of the Company shall be presented as the net amount after being offset when the Company has the legal right to carry out net settlement, and intends to carry out net settlement or when the assets are acquired at the same time when liabilities are paid off.

When the Company has the legal right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred income tax assets and deferred tax liabilities are related to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but during each significant period in which the deferred income tax assets and liabilities are reversed in the future, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities simultaneously, the Company presents the deferred income tax assets and deferred tax liabilities at the net amount after offsetting.

38. Leasing

(1) Accounting treatment method for leasing as a lessee

(1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and low value asset leases. The right-of-use asset is initially measured at cost, which includes: the initial measurement amount of the lease liability; lease payments made before or on the commencement date of the lease term (net of any lease incentives received); initial direct expenses incurred; the costs that the Company expects to incur for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms.

The Company depreciates the right-of-use assets using the straight-line method. For leased assets where it is reasonably certain that the ownership of the leased assets can be obtained at the end of the lease term, the Company depreciates the assets over the remaining useful life of the leased assets. If it is not reasonably certain that the ownership of the leased assets can be obtained at the end of the lease term, the leased assets shall be depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes the lease liability for leases other than short-term leases and low value asset leases. Lease liabilities are initially measured according to the present value of the unpaid lease payments. Lease payments include: Fixed payment and substantial fixed payment. If there is lease incentive, the relevant amount of lease incentive shall be deducted; the variable lease payment amount, which depends on the index or ratio. It is determined at the initial measurement based on the index or ratio on the commencement date of the lease term. The exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised; the amount to be paid for the exercise of the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease; the amount expected to be paid according to the residual value of the guarantee provided by the Company. The Company adopts the embedded interest rate of the lease as the discount rate. If the embedded interest rate of the lease cannot be determined, the incremental borrowing rate of the Company shall be used as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and records it into the current profits and losses or the cost of relevant assets. The amount of variable lease payments not

included in the measurement of lease liabilities shall be included in the current profits and losses or relevant asset costs when actually incurred.

After the commencement date of the lease term, the Company remeasures the lease liability based on the present value of the revised lease payments in the following circumstances: The Company's assessment of the purchase option, renewal option or termination option changes, or the actual exercise of the renewal option or termination option is inconsistent with the original assessment; the expected amount payable for the residual value guarantee changes; or the index or rate used to determine the lease payments changes. When remeasuring the lease liability, the Company adjusts the book value of the right-of-use asset accordingly. Where the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profits and losses.

(3) Basis for judgment and accounting treatment for simplified processing of short-term leases and leases of low-value assets

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and the relevant lease payments are included in the current profits and losses or relevant asset costs according to the straight-line method in each period of the lease term. Short-term lease refers to a lease with a lease term of no more than 12 months and excluding the purchase option on the commencement date of the lease term. Low value asset lease refers to the lease with lower value when the single leased asset is a brand-new asset. Where the Company sublets or expects to sublet the leased assets, the original lease does not belong to the lease of low value assets.

(4) Lease change

If the lease is changed and the following conditions are met at the same time, the Company shall treat the change of the lease as a separate lease for accounting treatment: The change of the lease expands the scope of the lease or extends the lease term by adding the right to use one or more leased assets; the increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company re-allocates the consideration of the contract after the change, re-determines the lease term, and re-measures the lease liability according to the present value calculated by the lease payment after the change and the revised discount rate.

(2) Accounting treatment method for leasing as a lessor

On the lease commencement date, the Company divides the lease into financial lease and operating lease. Finance lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets regardless of whether the ownership is finally transferred or not. Operating leases refer to leases other than finance leases.

When the Company is the sublessee lessor, the sublease is classified based on the right-of-use assets generated from the original lease. If the original lease is a short-term lease and the Company elects not to recognize a right-of-use asset and lease liability for the original lease, the Company classifies the sublease as an operating lease.

(1) Accounting treatment of operating lease

The lease receipts from operating leases are recognized as rental income on a straight-line method in each period of the lease term. The Company capitalizes the initial direct expenses related to operating leases, and allocates them into the current profits and losses on the same basis as the recognition of rental income during the lease term. The amount of variable lease payments not included in the lease receipts shall be included in the current profits and losses when actually incurred.

(2) Accounting treatment of financial lease

On the lease commencement date, the Company recognizes the finance lease receivables for the finance lease and terminates the recognition of the finance lease assets. When the Company initially measures the finance lease receivables, the net amount of the lease investment is taken as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not received on the commencement date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes the interest income of each period within the lease term according to the fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "Main Accounting Policies and Accounting Estimates - Financial Instruments". The amount of variable lease payments not included in the measurement of net lease investment shall be included in the current profits and losses when it actually occurs.

39. Restricted Shares

Under the equity incentive plan, the Company grants restricted shares to the incentive objects. The incentive objects first subscribe for the shares. If the unlocking conditions stipulated in the equity incentive plan are not met subsequently, the Company will repurchase the shares at the pre-agreed price. If the restricted shares issued to employees have completed the registration and other capital increase procedures in accordance with relevant regulations, on the grant date, the Company recognizes the share capital and capital reserve (share premium) based on the subscription proceeds received from the employees; at the same time, it recognizes treasury shares and other payables for the repurchase obligation.

40. Other important accounting policies and estimates

In the application of accounting policies, due to the inherent uncertainties in operating activities, the Company needs to make judgments, estimates and assumptions regarding the book values of certain items in the financial statements that cannot be accurately measured. These judgments, estimates and assumptions are based on the past experience of the Company's management and are made after considering other relevant factors. These judgments, estimates and assumptions can affect the reported amounts of revenue, expenses, assets and liabilities, as well as the disclosure of contingent liabilities as of the balance sheet date. However, the actual results resulting from the uncertainties of these estimates may differ from the current estimates of the Company's management, which may lead to significant adjustments to the carrying amounts of affected assets or liabilities in the future. The Company regularly reviews the aforementioned judgments, estimates and assumptions on a going concern basis. Changes in accounting estimates that only affect the current period are recognized in the period of change; changes that affect both the current period and future periods are recognized in both the period of change and future periods. As of the balance sheet date, the significant areas where the Company needs to make judgments, estimates and assumptions regarding the amounts of financial statement items are as follows:

1. Classification of leases

When the Company acts as a lessor, in accordance with the "Accounting Standards for Enterprises No. 21 - Leases", leases are classified as operating leases and finance leases. In making the classification, management needs to analyze and judge whether all the risks and rewards related to the ownership of the leased assets have been substantially transferred to the lessee.

2. Impairment of financial instruments

The Company assesses the impairment of accounts receivable measured at amortized cost, debt investments, contract assets, and receivable financing measured at fair value and included in other comprehensive income, as well as other debt investments, using the expected credit loss model. The application of the expected credit loss model involves significant judgments and estimates by management. Key parameters for measuring expected credit losses include probability of default, loss given default, and exposure at default. The Company establishes models for probability of default, loss given default, and exposure at default based on quantitative analysis of historical data and forward-looking information. Differences between the actual impairment results of financial instruments and the original estimates will affect the book value of the financial instruments and the recognition or reversal of credit impairment losses in the period when the estimates are changed.

3. Provision for inventory write-down

The Company measures inventories at the lower of cost and net realizable value in accordance with its inventory accounting policy. Provision for inventory write-down is made for inventories with costs higher than net realizable value and for obsolete and slow-moving inventories. The impairment of inventories to net realizable value is based on an assessment of the marketability of the inventories and their net realizable value. The identification of inventory impairment requires management to make judgments and

estimates based on conclusive evidence and taking into account factors such as the purpose of holding the inventories and the impact of events after the balance sheet date. Differences between the actual results and the original estimates will affect the book value of the inventories and the recognition or reversal of the provision for inventory write-down in the period when the estimates are changed.

4. Impairment of non-financial non-current assets

On the balance sheet date, the Company assesses whether there are indications of possible impairment for non-current assets other than financial assets. For intangible assets with indefinite useful lives, in addition to the annual impairment test, an impairment test is also performed when there are indications of impairment. Other non-current assets, excluding financial assets, are subject to an impairment test when there are indications that their carrying amount is not recoverable.

When the book value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and the present value of its estimated future cash flows, an impairment is indicated.

Fair value less costs to sell is determined by reference to the selling price in a binding sale agreement for a similar asset or observable market prices in an arm's length transaction, less the incremental costs directly attributable to the disposal of the asset. In estimating the present value of future cash flows, significant judgments are required regarding the output, selling prices, related operating costs of the asset (or cash-generating unit), and the discount rate used to calculate the present value. The Company uses all available relevant information when estimating the recoverable amount, including forecasts of output, selling prices, and related operating costs based on reasonable and supportable assumptions.

The Company assesses whether goodwill is impaired at least annually, which requires estimating the value in use of the cash-generating units to which goodwill has been allocated. When estimating value in use, the Company needs to estimate the future cash flows from the cash-generating unit and select an appropriate discount rate to calculate the present value of those future cash flows.

5. Depreciation and amortization

The Company depreciates and amortizes investment real estate, fixed assets, and intangible assets measured at cost over their useful lives, taking into account their residual values, using the straight-line method. The Company reviews the useful lives of these assets regularly to determine the amount of depreciation and amortization to be recognized in each reporting period. The useful lives are determined by the Company based on its past experience with similar assets and expectations of technological updates. If there are major changes in previous estimates, adjustments will be made to the depreciation and amortization expenses in future periods.

6. Deferred income tax assets

The Company recognizes deferred income tax assets for all unused tax losses to the extent that it is probable that there will be sufficient taxable profits in the future to offset these losses. This requires management of the Company to make significant judgments to estimate the timing and amount of future taxable profits, taking into account tax planning strategies, to determine the amount of deferred income tax assets to be recognized.

7. Income tax

In the normal course of operating activities, there is a certain degree of uncertainty regarding the final tax treatment and calculation of some transactions. Whether certain items can be deducted before tax requires the approval of the tax authorities. If the final determination of these tax matters differs from the initially estimated amount, such differences will affect the current income tax and deferred income tax for the period in which the final determination is made.

8. Fair value measurement

Some of the Company's assets and liabilities are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company uses observable market data available; if the first level input values cannot be obtained, it engages a qualified third-party valuation agency to conduct the valuation, during which the Company's management closely cooperates with it to determine the appropriate valuation techniques and input values for the relevant models. Information on the valuation techniques and input values used in determining the fair value of various assets and liabilities is detailed in "Disclosure of Fair Value" of this note.

41. Changes of material accounting policies and accounting estimates

(1) Significant accounting policy changes

Applicable Not applicable

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Implementation of new accounting standards adjustment for the first time starting from 2025. Relevant project information on financial statements at the beginning of the year

Applicable Not applicable

42. Others

None.

VI. Taxation

1. Main tax types and tax rates

Tax Type	Tax Basis	Tax rates
VAT	Taxable value added amount is the difference of VAT output calculated based on the revenue from sales of goods and rendering of taxable services in accordance with tax laws less deductible VAT input of current period	13.00%, 9.00%, 6.00%, 5.00%, 3.00%, and applicable value-added tax rate for overseas subsidiaries in their registered location
Urban maintenance and construction tax	Actual amount of turnover tax paid	7.00%, 5.00%
Corporate income tax	Taxable income	Note
Education surcharge	Actual amount of turnover tax paid	3%
Local education surcharges	Actual amount of turnover tax paid	2%
Property tax	Based on 70% of the original value of the property (or rental income) as the tax benchmark	1.20%, 12.00%

Disclosure of information on taxpayers with different corporate income tax rates

Name of Taxpayer	Income tax rate
ZKTECO CO., LTD.	15%
Xiamen Zkteco Biometric Identification Technology Co., Ltd.	20%
Shenzhen ZKTeco Biometric Identification Technology Co., Ltd.	20%
ZK INVESTMENTS INC.	21%
ZK TECHNOLOGY LLC	Please refer to the note in Note VI 3 (1).
ZKTeco Sales Co., Ltd.	25%
Hangzhou ZKTeco Hanlian E-commerce Co., Ltd.	20%
ZKCserv Technology Limited Co., Ltd.	20%
Dalian ZKTeco Co., Ltd.	20%

Xiamen ZKTeco Co., Ltd.	15%
ZKTECO VIETNAM TECHNOLOGY COMPANY LIMITED	20%
ZKTeco (Guangdong) Co., Ltd.	15%
Xi'an ZKTeco Co., Ltd.	20%
ZKTECO CO., LIMITED	16.50%, 8.25%
ZKTECO TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED SIRKETI.	25%
ZKTECO LATAM, S.A. DE C.V.	30%
ZK SOFTWARE DE MEXICO, S.A. DE C.V.	30%
ZKTECO COLOMBIA SAS	35%
ZKTECO (M) SDN. BHD.	24%
ZKTECO BIOMETRICS INDIA PRIVATE LIMITED	25.6256%
ZKTECO EUROPE SL	25%
ZKTECO IRELAND LIMITED	12.5%
ZKTeco Deutschland GmbH	31.225%
ZKTECO ITALIA S.R.L.	27.9%
ZKTECO UK LTD	19.00%, 25.00%
ZKTECO PERU SOCIEDAD ANONIMA CERRADA	29.5%
ZKTECO THAI CO., LTD.	20.00%, 15.00%, 0.00%
ZKTeco Chile SpA	27%
SOLUCIONES INTEGRALES Y SISTEMAS SpA	27%
ZKTECO SECURITY L.L.C	0.00%, 9.00%
ZKTECO ARGENTINA S.A.	25.00%, 30.00%, 35.00%
Limited Liability Company "ZKTeco biometrics and security"	20%
ZKTECO Investment Inc.	21%
ZKTECO USA LLC	Please refer to the note in Note VI 3 (1).
ARMATURA LLC	Please refer to the note in Note VI 3 (1).
Armatura Co., Ltd.	25.00%, 22.00%, 20.00%, 10.00%
RALVIE AI INC.	26.5%
ZKTeco Japan Co., Ltd.	23.2%
PT. ZKTECO BIOMETRICS INDONESIA	22.00%, 11.00%
ZK INVESTIMENTOS DO BRASIL LTDA.	25%
ZKTECO DO BRASIL S.A.	25%
NGTECO CO., LIMITED	16.50%, 8.25%
ZKTECO BIOMETRIC LIMITED	30%
ZKTECO PANAMA, S.A.	5%
ZK INTELLIGENT SOLUTIONS (PTY) LTD	27%
ZKTECO BIOMETRICS KENYA LIMITED	30%
Hubei ZKTeco Co., Ltd.	20%
Wuhan ZKTeco Perception Technology Co., Ltd.	20%
ZKTECO SG INVESTMENT PTE. LTD.	4.25%, 8.50%, 17.00%
ZKTECO SINGAPORE PTE.LTD.	4.25%, 8.50%, 17.00%
ZKDIGIMAX PTE. LTD.	4.25%, 8.50%, 17.00%
ZKDIGIMAX PANAMA, S.A.	25%
Armatura Tech Co., Ltd.	20.00%, 15.00%, 0.00%
ZKDIGIMAX (PTY) LTD	27%
PT. ZKDIGIMAX EXCEL NOBLE	22.00%, 11.00%
ZKTeco Yunlian (Xiamen) Technology Co., Ltd.	20%
ZKDIGIMAX COLOMBIA SAS	35%
ZK TECHNOLOGY MOROCCO	30%
ZKTECO EGYPT LLC	22.5%
ZKTECO BUSINESS SOLUTIONS COMPANY	20%
NUR ALTTKNWLWJIA COMPANYY	20%
ZKTeco Polska Sp. z o.o.	19.00%, 9.00%
ZKTeco Cloud Brain-Computer (Hangzhou) Technology Co., Ltd.	20%
Shenzhen Longzhiyuan Technology Co., Ltd.	15%

Shenzhen Wojiaobao Intelligent Technology Co., Ltd.	20%
Wohome Technology Co., Ltd.	8.25%
Technos Technology Co., Ltd.	16.50%, 8.25%
Haosong Technology Co., Ltd.	16.50%, 8.25%
Haofan Technology Co., Ltd.	16.50%, 8.25%
RICHFULL COMPANY LIMITED	0.00%
OPTICSLIFE INC	21%
Wotong Technology Co., Ltd.	8.25%
Woze Technology Co., Ltd.	8.25%
Tonghao Technology Co., Ltd.	8.25%
Zechen Technology Co., Ltd.	8.25%
Shanxing Technology Co., Ltd.	8.25%
Teyu Technology Co., Ltd.	8.25%
LONGZY PET.LTD.	4.25%, 8.50%, 17.00%

2. Tax incentives

(1) Article 28 of the "Law of the People's Republic of China on Enterprise Income Tax" stipulates that high-tech enterprises that require key support from the state shall be subject to corporate income tax at a rate of 15.00%.

1) In November 2024, the Company obtained a high-tech enterprise certificate (No. GR202444001492), which is valid for three years.

2) In November 2025, Xiamen ZKTeco Co., Ltd. successfully passed the re-evaluation for a high-tech enterprise certificate (No. GR202535100573), which is valid for three years.

3) In December 2025, Zkteco (Guangdong) Co., Ltd. successfully passed the re-evaluation for a high-tech enterprise certificate (No. GR202544002332), which is valid for three years.

4) In December 2025, Shenzhen Longzhiyuan Technology Co., Ltd. successfully passed the re-evaluation for a high-tech enterprise certificate (No. GR202544200341), which is valid for three years.

(2) According to the relevant provisions of the "Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products" (CS [2011] No. 100) and the "Notice on Questions of Policies on Encouraging the Development of the Software and Integrated Circuit Industries" (CS [2000] No. 25), from January 1, 2011, for general taxpayers of value-added tax who sell software products developed and produced by themselves, after value-added tax is levied at the applicable tax rate, a policy of taxation and drawback has been implemented for the portion of its actual value-added tax burden exceeding 3.00%.

(3) According to the "Announcement on Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households" (Announcement No. 12 of the State Administration of Taxation of the Ministry of Finance, 2023), from January 1, 2023 to December 31, 2027, small-scale value-added tax taxpayers, small and micro profit enterprises, and individual industrial and commercial households can reduce resource tax by half (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding securities transaction stamp duty), farmland occupation tax, education surcharge, and local education surcharge. The policy of reducing the taxable income of small and micro profit enterprises by 25% and paying corporate income tax at a rate of 20.00% will continue to be implemented until December 31, 2027. This policy is applicable to Xiamen Zkteco Biometric Identification Technology Co., Ltd., Shenzhen ZKTeco Biometric Identification Technology Co., Ltd., Hangzhou ZKTeco Hanlian E-commerce Co., Ltd., ZKCserv Technology Limited Co., Ltd., Dalian ZKTeco Co., Ltd., Xi'an ZKTeco Co., Ltd., Hubei ZKTeco Co., Ltd., Wuhan ZKTeco Perception Technology Co., Ltd., ZKTeco Yunlian (Xiamen) Technology Co., Ltd., ZKTeco Cloud Brain-Computer (Hangzhou) Technology Co., Ltd., and Shenzhen Wojiaobao Intelligent Technology Co., Ltd.

3. Others

(1) LLC type companies are not required to pay corporate income tax, and the profits of LLC companies are summarized to C-corp type company shareholders or individual shareholders, and then shareholders pay income tax.

(2) ZKTECO ARGENTINA S.A. is taxed at 25.00% on the amount ranging from ARS 0 to ARS 34,703,523.08. For the portion exceeding ARS 34,703,523.08 but not exceeding ARS 347,035,230.79, the tax rate is 30.00%. Any amount exceeding ARS 347,035,230.79 is taxed at 35.00%.

(3) The corporate income tax rate of ZKTECO BIOMETRICS INDIA PRIVATE LIMITED for the year 2025 was 25.6256%.

(4) The corporate income tax rate for ZKTeco Deutschland GmbH in 2025 is 31.225%.

(5) ZKTECO THAI CO.,LTD. and ARMATURA TECH CO.,LTD are small and medium-sized enterprises (SMEs) that meet the following two conditions: 1) As of the last day of the accounting cycle, the paid in capital shall not exceed THB 5 million; 2) The total annual revenue from selling goods or providing services shall not exceed THB 30 million, applicable to tax rates of 20.00%, 15.00%, and 0.00%, specifically including: accounting profits below THB 300,000.00, with a tax rate of 0.00%; from THB 300,000.00 to THB 3,000,000.00, with a tax rate of 15.00%; above THB 3,000,000.00, with tax rate of 20.00%. If the above two conditions are not met, the tax rate is applicable at 20.00%.

(6) The corporate income tax rate of ZKTECO TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED SIRKETI for the year 2025 was 25%.

(7) PT.ZKTECO BIOMETRICS INDONESIA and PT. ZKDIGIMAX EXCEL NOBLE apply the corporate income tax rate for the year 2025 as follows:

1) When the total sales revenue does not exceed IDR 4.8 billion, the applicable income tax rate is 11.00%;

2) When the total sales exceed IDR 4.8 billion and do not exceed IDR 50 billion, the taxable income of IDR 4.8 billion accounting for the proportion of total sales shall be calculated at a tax rate of 11.00%, and the taxable income of the part exceeding IDR 4.8 billion accounting for the proportion of total sales shall be calculated at a tax rate of 22.00%;

3) When the total sales exceed IDR 50 billion, the applicable income tax rate is 22.00%.

(8) Armatura Co., Ltd. has an income tax rate of 10.00% for sales between KRW 0.00 to KRW 200 million; 20.00% for KRW 200 million to 20 billion; 22.00% for KRW 20-300 billion, and 25.00% for over KRW 300 billion.

(9) For ZKTECO CO., LIMITED, NGTECO CO., LIMITED, Wohome Technology Co., Ltd., Technos Technology Co., Ltd., Haosong Technology Co., Ltd., Haofan Technology Co., Ltd., Wotong Technology Co., Ltd., Woze Technology Co., Ltd., Tonghao Technology Co., Ltd., Zechen Technology Co., Ltd., Shanxing Technology Co., Ltd., and Teyu Technology Co., Ltd., the applicable income tax rates are 8.25% and 16.50%; the tax rate is 8.25% for accounting profits within HKD 2 million, and the tax rate is 16.50% for those exceeding HKD 2 million.

(10) ZKTECO PANAMA, S.A. obtained an SEM license on March 3, 2022, and from March 2022, the corporate income tax rate for sales revenue within Panama was 5.00%.

(11) The applicable income tax rates for For ZKTECO SG INVESTMENT PTE. LTD., ZKTECO SINGAPORE PTE. LTD., ZKDIGIMAX PTE.LTD., and LONGZY PET.LTD. in 2025 were 4.25%, 8.50%, and 17.00% respectively; the taxable income rate was 4.25% for those within SGD 10,000, 8.50% for those between SGD 10,000 and SGD 200,000, and 17.00% for the excess.

(12) The applicable corporate income tax rate for ZKTECO UK LTD in 2025 is as follows: Starting from April 2023, if the profit exceeds GBP 250,000, the income tax rate is 25.00%; if the profit is below GBP 50,000, 19.00% still applies; if the profit is between GBP 50,000 and GBP 250,000, 25.00% applies, and marginal relief is implemented.

(13) The applicable corporate income tax rate for RALVIE AI INC. in 2025 is as follows: The basic tax rate for federal income tax is 38.00%. After deducting the tax exemption items specified in Section 149 (1) (t) of the "Law of the People's Republic of China on Enterprise Income Tax", enterprises can enjoy a 10.00% federal tax credit for income obtained in various provinces (or territories) of Canada. At the same time, the general corporate income tax rate is reduced by 13%, resulting in a 15.00% federal income tax rate. The general corporate tax rate in Ontario is 11.5%. The combined federal and Ontario income tax rate is 26.50%.

(14) For income exceeding JPY 8 million, the corporation tax rate (income tax) of ZKTeco Japan Co., Ltd. is 23.20%.

(15) The corporate tax of ZKTECO SECURITY L.L.C. is levied on taxable income at the following rates:

1) For enterprises with taxable income not exceeding the tax threshold stipulated in the Cabinet decision (375,000 dirhams), the applicable tax rate is 0.00%;

2) For enterprises with taxable income exceeding the tax threshold, the applicable tax rate is 9.00%;

3) For the compliant income portion of free zone compliant enterprises, the applicable tax rate is 0.00%;

4) For the non-compliant income portion of free zone compliant enterprises, the applicable tax rate is 9.00%.

(16) RICHFULL COMPANY LIMITED enjoys an income tax preferential policy of exemption for two years and a 50% reduction for five years, starting from the first year of obtaining taxable income.

(17) For OPTICSLIFEINC, the applicable tax rate is 21.00%.

(18) For ZKTeco Polska Sp. z o.o., a tax rate of 9.00% applies when it meets the conditions for a small taxpayer and its total sales revenue for the previous year and the current year does not exceed 2 million Euros; otherwise, a tax rate of 19.00% applies.

VII. Notes to Consolidated Financial Statements

1. Monetary fund

Unit: RMB

Item	Ending Balance	Beginning Balance
Cash on hand	733,770.10	772,216.84
Cash in bank	1,147,554,338.71	1,423,494,905.16
Other monetary funds	94,831,302.42	49,067,783.97
Total	1,243,119,411.23	1,473,334,905.97
Including: total amount deposited abroad	569,128,467.85	359,182,516.43

Other explanations:

1. As of December 31, 2025, the bank deposits included the principal ending balance of time deposits with a maturity of more than three months and intended to be held to maturity amounting to RMB 66,843,214.28 (December 31, 2024: RMB 198,918,980.00), and the amount of interest receivable that has not yet matured was RMB 1,133,019.32 (December 31, 2024: RMB 12,227,894.14), which are not classified as cash and cash equivalents. Please refer to the explanation in Note VII (62) "Supplementary information of cash flow statement".

2. For details of funds with restricted ownership or usage rights such as those mortgaged, pledged, seized, frozen, or detained, please refer to the explanation in Note VII (23) "Assets with restricted ownership or use rights".

3. For details on foreign currency monetary funds, please refer to Note VII (64) "Foreign currency monetary items".

2. Trading financial assets

Unit: RMB

Item	Ending Balance	Beginning Balance
Financial assets measured at fair value and whose changes are included in the current profits and losses	800,444,410.21	491,331,815.79
Including:		
Financial products	800,444,410.21	491,331,815.79
Including:		

Total	800,444,410.21	491,331,815.79
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Other explanations:

3. Notes receivable

(1) Notes receivable listed by category

Unit: RMB

Item	Ending Balance	Beginning Balance
Banker's acceptance	538,349.21	165,450.00
Trade acceptance	0.00	0.00
Total	538,349.21	165,450.00

(2) Disclosure by bad debt accrual method

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Including:										
Notes receivable for bad debt reserve made by portfolio	538,349.21	100.00%			538,349.21	165,450.00	100.00%			165,450.00
Including:										
Bank acceptance bill	538,349.21	100.00%			538,349.21	165,450.00	100.00%			165,450.00
Total	538,349.21	100.00%			538,349.21	165,450.00	100.00%			165,450.00

If the bad debt reserve of notes receivable is made according to the general model of expected credit losses:

Applicable Not applicable

4. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	658,880,610.73	504,979,612.03
1-2 years	54,791,886.63	47,589,232.67
2-3 years	20,611,068.86	15,397,520.31
Over 3 years	18,905,552.45	5,704,760.98
3-4 years	13,870,879.43	3,287,160.38

4-5 years	2,734,742.66	1,197,968.12
Over 5 years	2,299,930.36	1,219,632.48
Total	753,189,118.67	573,671,125.99

(2) Disclosure by bad debt accrual method

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Accounts receivable with bad debt reserve made individually	35,430,368.32	4.70%	33,419,021.18	94.32%	2,011,347.14	19,535,854.24	3.41%	19,535,854.24	100.00%	0.00
Including:										
Accounts receivable with insignificant single amount and bad debt reserve withdrawn separately	35,430,368.32	4.70%	33,419,021.18	94.32%	2,011,347.14	19,535,854.24	3.41%	19,535,854.24	100.00%	0.00
Accounts receivable with bad debt reserve made by portfolio	717,758,750.35	95.30%	43,386,887.35	6.04%	674,371,863.00	554,135,271.75	96.59%	35,120,933.86	6.34%	519,014,337.89
Including:										
Aging portfolio	717,758,750.35	95.30%	43,386,887.35	6.04%	674,371,863.00	554,135,271.75	96.59%	35,120,933.86	6.34%	519,014,337.89
Total	753,189,118.67	100.00%	76,805,908.53	10.20%	676,383,210.14	573,671,125.99	100.00%	54,656,788.10	9.53%	519,014,337.89

Bad debt reserve made individually: 33,419,021.18

Unit: RMB

Name	Beginning Balance		Ending Balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrual proportion	Reasons for provision
AREEJ SECURTECH TRADING LLC	13,649,377.28	13,649,377.28	13,205,816.61	13,205,816.61	100.00%	Expected non-recoverable
DIYTECH S.R.L			4,647,805.39	4,647,805.39	100.00%	Expected non-recoverable
Euroclima LLC			3,154,368.07	2,486,632.07	78.83%	Expected non-recoverable
Hainan Jialing Digital Technology Co., Ltd.	2,032,000.00	2,032,000.00	2,032,000.00	2,032,000.00	100.00%	Expected non-recoverable
MegaSoft Panamá S.A			1,445,015.64	1,445,015.64	100.00%	Expected non-recoverable
Nobus Comtec SA de CV			1,327,159.23	1,327,159.23	100.00%	Expected non-recoverable
YECORE CONSTEC			1,238,002.32	247,600.41	20.00%	Expected non-recoverable
Idem Secure SA de CV			749,343.42	749,343.42	100.00%	Expected non-recoverable
MAYRA ISABEL MARTINEZ MARTINEZ			710,686.06	710,686.06	100.00%	Expected non-recoverable
VI KHANG TRADING SERVICE EQUIPMENT TECHNOLOGY COMPANY LIMITED			683,012.61	683,012.61	100.00%	Expected non-recoverable
GLOBAL INGENIER ELECTRONIC S.A.C			545,817.96	192,608.73	35.29%	Expected non-recoverable
BBT (Naira)			475,843.65	475,843.65	100.00%	Expected non-recoverable
Noble IT Solutions Co., Ltd	421,686.28	421,686.28	412,323.82	412,323.82	100.00%	Expected non-recoverable
Zicom Electronic Securit	376,995.64	376,995.64	368,625.42	368,625.42	100.00%	Expected non-recoverable
Al Asma Technology	360,448.21	360,448.21	348,734.82	348,734.82	100.00%	Expected non-recoverable
TIMEWATCH INFOCOM PVT. LTD.	305,211.28	305,211.28	298,434.84	298,434.84	100.00%	Expected non-recoverable
Shenzhen Xuhui Information	270,358.32	270,358.32	270,358.32	270,358.32	100.00%	Expected non-recoverable

Technology Co., Ltd.						
Aisino Corporation			232,200.00	232,200.00	100.00%	Expected non-recoverable
Gansu Fourth Construction Group Co., Ltd.	224,676.00	224,676.00	224,676.00	224,676.00	100.00%	Expected non-recoverable
VENDEMMIA COMERCIO INTERNACIONAL LTDA	204,017.72	204,017.72	199,488.03	199,488.03	100.00%	Expected non-recoverable
WIPAQ TRADING LLC			184,354.49	184,354.49	100.00%	Expected non-recoverable
ASIA IDENTIFICATION AND SECURITY TECHNOLOGY COMPANY LIMITED	170,370.11	170,370.11	166,587.48	166,587.48	100.00%	Expected non-recoverable
Wanqiao Information Technology Co., Ltd.	165,900.00	165,900.00	165,900.00	165,900.00	100.00%	Expected non-recoverable
Tianjin Eagle Eye Biotechnology Co., Ltd.	162,281.00	162,281.00	162,281.00	162,281.00	100.00%	Expected non-recoverable
One Network (PVT) Ltd.			155,420.83	155,420.83	100.00%	Expected non-recoverable
Baoneng Urban Development and Construction Group Co., Ltd.	155,292.00	155,292.00	155,292.00	155,292.00	100.00%	Expected non-recoverable
WESTGATE TECHNOLOGIES LIMITED			138,733.61	138,733.61	100.00%	Expected non-recoverable
TELVIS TECHNOLOGIES			138,615.84	138,615.84	100.00%	Expected non-recoverable
Jiangsu Xingyun Grid Information Technology Co., Ltd.			133,983.00	133,983.00	100.00%	Expected non-recoverable
Hainan Zhongkong IOT Technology Co., Ltd.	122,173.74	122,173.74	122,173.74	122,173.74	100.00%	Expected non-recoverable
Ditec Solutions SA de CV USD			116,918.30	116,918.30	100.00%	Expected non-recoverable
Control de Operacion de Inmuebles SA			106,127.93	106,127.93	100.00%	Expected non-recoverable

de CV USD						
PONTO RHJ EIRELI - ME	101,554.91	101,554.91	99,300.15	99,300.15	100.00%	Expected non-recoverable
SECUZAA SECURITY SOLUTIONS LAB PRIVATE LIMITED	99,690.74	99,690.74	97,477.37	97,477.37	100.00%	Expected non-recoverable
Shanghai Leqi Automation Technology Co., Ltd.	261,950.00	261,950.00	81,950.00	81,950.00	100.00%	Expected non-recoverable
U.S. Plast			81,182.64	81,182.64	100.00%	Expected non-recoverable
Qianxinan Mengku Business Service Co., Ltd.	74,672.00	74,672.00	74,672.00	74,672.00	100.00%	Expected non-recoverable
Especialistas Nacionales en Tecnologia e Innovacio			74,162.26	74,162.26	100.00%	Expected non-recoverable
INTELLISMA RT TECHNOLOGY INC.	75,607.59	75,607.59	73,928.92	73,928.92	100.00%	Expected non-recoverable
Rahat Telecom LLC			72,801.43	72,801.43	100.00%	Expected non-recoverable
True Security Consultant Limited			70,791.19	70,791.19	100.00%	Expected non-recoverable
RBB Technologies Private Limited	61,357.44	61,357.44	57,167.16	57,167.16	100.00%	Expected non-recoverable
Yichang Anlian Intelligent Technology Development Co., Ltd.	56,085.00	56,085.00	56,085.00	56,085.00	100.00%	Expected non-recoverable
Others	184,148.98	184,148.98	274,749.77	274,749.77	100.00%	Expected non-recoverable
Total	19,535,854.24	19,535,854.24	35,430,368.32	33,419,021.18		

Bad debt reserve made by portfolio: 43,386,887.35

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Aging portfolio	717,758,750.35	43,386,887.35	6.04%
Total	717,758,750.35	43,386,887.35	

Description of the basis for determining the portfolio:

If the bad debt reserve of accounts receivable is made according to the general model of expected credit losses:

Applicable Not applicable

(3) Bad debt reserves withdrawn, recovered or reversed in the current period

Provision for bad debt reserves in current period:

Unit: RMB

Category	Beginning Balance	Current period change amount				Ending Balance
		Provision	Return or reversal	Redeem/redemption	Others	
Bad debt reserve made individually	19,535,854.24	14,834,790.53	222,847.35	328,674.66	-400,101.58	33,419,021.18
Bad debt reserve made by portfolio	35,120,933.86	6,016,991.77			2,248,961.72	43,386,887.35
Total	54,656,788.10	20,851,782.30	222,847.35	328,674.66	1,848,860.14	76,805,908.53

(4) Actual verification of accounts receivable in the current period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	328,674.66

(5) Accounts receivable and contract assets from top five borrowers classified based on the ending balance

Unit: RMB

Company name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in the total ending balance of accounts receivable and contract assets	Ending balance of bad debt reserves for accounts receivable and impairment provision for contract assets
Customer 1	50,738,261.43		50,738,261.43	6.74%	2,536,913.07
Customer 2	43,271,255.94		43,271,255.94	5.74%	2,608,561.19
Customer 3	42,849,517.80		42,849,517.80	5.69%	2,447,193.26
Customer 4	32,675,981.60		32,675,981.60	4.34%	1,971,928.50
Customer 5	24,632,726.74		24,632,726.74	3.27%	1,545,892.84
Total	194,167,743.51		194,167,743.51	25.78%	11,110,488.86

5. Contract assets

(1) Contract asset situation

Unit: RMB

Item	Ending Balance			Beginning Balance		
	Book balance	Bad debt reserve	Book value	Book balance	Bad debt reserve	Book value
Quality guarantee deposit receivable	79,475.48	52,525.70	26,949.78	335,494.48	122,699.34	212,795.14
Total	79,475.48	52,525.70	26,949.78	335,494.48	122,699.34	212,795.14

(2) Amount and reasons for significant changes in book value during the reporting period

Unit: RMB

Item	Change amount	Reasons for changes
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(3) Disclosure by bad debt accrual method

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Bad debt reserve made individually	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00%	0.00
Including:										
Bad debt reserve made by portfolio	79,475.48	100.00%	52,525.70	66.09%	26,949.78	335,494.48	100.00%	122,699.34	36.57%	212,795.14
Including:										
Aging portfolio	79,475.48	100.00%	52,525.70	66.09%	26,949.78	335,494.48	100.00%	122,699.34	36.57%	212,795.14
Total	79,475.48	100.00%	52,525.70	66.09%	26,949.78	335,494.48	100.00%	122,699.34	36.57%	212,795.14

Bad debt reserve made individually: 0

Unit: RMB

Name	Beginning Balance		Ending Balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrual proportion	Reasons for provision

Bad debt reserve made by portfolio: 52,525.70

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Aging portfolio	79,475.48	52,525.70	66.09%
Total	79,475.48	52,525.70	

Description of the basis for determining the portfolio:

Provision for bad debt reserve based on a general model of expected credit losses

Applicable Not applicable

(4) Bad debt reserves withdrawn, recovered or reversed in the current period

Unit: RMB

Item	Provision in current period	Recovery or reversal in the current period	Charged or written off in current period	Reasons
Provision for impairment by portfolio	-70,173.64	0.00	0.00	Impairment provisions made based on the aging distribution and expected credit risk
Total	-70,173.64	0.00	0.00	—

6. Other receivables

Unit: RMB

Item	Ending Balance	Beginning Balance
Other receivables	52,567,928.29	41,144,121.16
Total	52,567,928.29	41,144,121.16

(1) Interest receivable

Other explanations:

(2) Dividends receivable

Other explanations:

(3) Other receivables

1) Classification of other receivables based on nature of payment

Unit: RMB

Payment nature	Closing book balance	Opening book balance
Current account	19,891,847.25	4,674,861.45
Guarantee deposit	14,360,258.11	14,910,797.93
Reserve funds and loans	2,341,571.03	3,115,748.90
Collection and payment on behalf of others	2,285,006.39	2,721,289.57
Withholding and remitting of social security and housing fund	1,916,617.74	1,642,381.43

Export tax refund	14,757,353.57	15,515,710.55
Others	1,337,560.44	1,778,689.71
Total	56,890,214.53	44,359,479.54

2) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	40,933,480.25	28,324,198.88
1-2 years	1,504,592.56	1,755,594.41
2-3 years	924,612.53	1,554,437.48
Over 3 years	13,527,529.19	12,725,248.77
3-4 years	1,622,827.53	2,869,212.53
4-5 years	2,231,478.89	221,614.92
Over 5 years	9,673,222.77	9,634,421.32
Total	56,890,214.53	44,359,479.54

3) Disclosure by bad debt accrual method

Applicable Not applicable

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Bad debt reserve made individually	1,996,093.75	3.51%	1,996,093.75	100.00%	0.00	1,608,349.35	3.63%	1,608,349.35	100.00%	0.00
Including:										
Single item provision	1,996,093.75	3.51%	1,996,093.75	100.00%	0.00	1,608,349.35	3.63%	1,608,349.35	100.00%	0.00
Bad debt reserve made by portfolio	54,894,120.78	96.49%	2,326,192.49	4.24%	52,567,928.29	42,751,130.19	96.37%	1,607,009.03	3.76%	41,144,121.16
Including:										
Aging portfolio	18,947,788.82	33.30%	2,326,192.49	12.28%	16,621,596.33	2,802,184.00	6.32%	1,607,009.03	57.35%	1,195,174.97
Portfolio of deposits, security deposits, employee loans, etc.	35,946,331.96	63.19%	0.00	0.00%	35,946,331.96	39,948,946.19	90.05%	0.00	0.00%	39,948,946.19
Total	56,890,214.53	100.00%	4,322,286.24	7.60%	52,567,928.29	44,359,479.54	100.00%	3,215,358.38	7.25%	41,144,121.16

Bad debt reserve made individually: 1,996,093.75

Unit: RMB

Name	Beginning Balance		Ending Balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrual proportion	Reasons for provision
CNB TECHNOLOGY INC.	1,308,756.05	1,308,756.05	1,279,698.47	1,279,698.47	100.00%	Expected non-recoverable
New bio	299,593.30	299,593.30	330,395.28	330,395.28	100.00%	Expected non-recoverable
Wang Jiaju			386,000.00	386,000.00	100.00%	Expected non-recoverable
Total	1,608,349.35	1,608,349.35	1,996,093.75	1,996,093.75		

Bad debt reserve made by portfolio: 2,326,192.49

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Aging portfolio	18,947,788.82	2,326,192.49	12.28%
Portfolio of deposits, security deposits, employee loans, export tax refunds, etc.	35,946,331.96		0.00%
Total	54,894,120.78	2,326,192.49	

Description of the basis for determining the portfolio:

Bad debt reserve made by portfolio: 2,326,192.49

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Within 1 year (including 1 year)	16,987,024.47	849,351.22	5.00%
1-2 years	513,091.48	51,309.12	10.00%
2-3 years	31,629.60	9,488.88	30.00%
Over 3 years	1,416,043.27	1,416,043.27	100.00%
Total	18,947,788.82	2,326,192.49	

Description of the basis for determining the portfolio:

Provision for bad debt reserve based on a general model of expected credit losses:

Unit: RMB

Bad debt reserve	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Expected credit loss within whole duration (no credit impairment occur)	Expected credit loss within whole duration (credit impairment has occurred)	
Balance as of January 1, 2025	57,455.82	1,549,553.21	1,608,349.35	3,215,358.38
Balance as of January				

1, 2025 in the current period				
Provision in current period	-403,312.97	18,442.59	418,300.00	33,429.62
Canceled after verification in the current period			32,300.00	32,300.00
Other changes	1,195,208.37	-91,154.53	1,744.40	1,105,798.24
Balance as of December 31, 2025	849,351.22	1,476,841.27	1,996,093.75	4,322,286.24

Classification basis and bad debt reserve provision ratio for each stage

Changes in book balance with major changes in loss reserves during the current period

Applicable Not applicable

4) Bad debt reserves withdrawn, recovered or reversed in the current period

Provision for bad debt reserves in current period:

Unit: RMB

Category	Beginning Balance	Current period change amount				Ending Balance
		Provision	Return or reversal	Write-off or cancellation	Others	
Bad debt reserve made individually	1,608,349.35	418,300.00		32,300.00	1,744.40	1,996,093.75
Bad debt reserve made by portfolio	1,607,009.03	-384,870.38			1,104,053.84	2,326,192.49
Total	3,215,358.38	33,429.62		32,300.00	1,105,798.24	4,322,286.24

5) Other accounts receivable actually written off in the current period

Unit: RMB

Item	Write-off amount
Other receivables actually written off	32,300.00

6) Other accounts receivable with the top five ending balances collected by the debtor

Unit: RMB

Company name	Nature of payment	Ending Balance	Aging	Proportion to the total ending balance of other accounts receivable	Ending balance of bad debt reserve
Export tax refund	Export tax refund	14,757,353.57	Within 1 year	25.94%	

Công ty TNHH Dobest	Current account	14,711,706.03	Within 1 year	25.86%	735,585.30
Zhangmutou Branch of Dongguan Finance Bureau	Guarantee deposit	4,800,000.00	Over 5 years	8.44%	
SUNG JIN VIETNAM ELECTRONIC CO.,LTD	Current account	1,686,912.00	Within 1 year	2.97%	84,345.60
ADVANNOTECH PTY LTD	Current account	1,489,845.67	Within 1 year, 1-2 years, 2-3 years, 3-4 years, more than 5 years	2.62%	1,429,219.39
Total		37,445,817.27		65.82%	2,249,150.29

7. Prepayments

(1) Prepayments listed by aging

Unit: RMB

Aging	Ending Balance		Beginning Balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	16,900,286.41	93.72%	25,493,011.77	95.98%
1-2 years	1,040,685.63	5.77%	1,044,012.35	3.93%
2-3 years	82,129.71	0.46%	450.85	0.00%
Over 3 years	9,188.30	0.05%	23,998.01	0.09%
Total	18,032,290.05		26,561,472.98	

Description of the reasons why prepayments with an aging of over 1 year and significant amounts were not settled in a timely manner:

(2) Prepayments of the top five ending balances collected by prepayment object

Unit: RMB

Company name	Ending balance	Proportion of the total amount of prepayments at the end of the period
Supplier 1	1,698,283.18	9.42%
Supplier 2	1,223,974.00	6.79%
Supplier 3	1,059,420.07	5.88%
Supplier 4	809,366.32	4.49%
Supplier 5	744,000.00	4.13%

Subtotal	5,535,043.57	30.71%
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Other explanations:

8. Inventories

Whether the Company needs to comply with disclosure requirements in the real estate industry

No

(1) Inventory classification

Unit: RMB

Item	Ending Balance			Beginning Balance		
	Book balance	Inventory depreciation reserves or contract performance cost impairment reserves	Book value	Book balance	Inventory depreciation reserves or contract performance cost impairment reserves	Book value
Raw materials	173,992,123.30	4,519,908.43	169,472,214.87	93,407,452.97	4,182,521.26	89,224,931.71
Products in process	8,569,231.40	0.00	8,569,231.40	10,928,773.18	0.00	10,928,773.18
Inventory goods	294,308,801.06	25,742,661.42	268,566,139.64	240,786,117.74	13,846,891.80	226,939,225.94
Sending goods	17,059,101.34	492,151.34	16,566,950.00	8,482,461.31	268,995.00	8,213,466.31
Consigned processing materials	5,662,528.21	0.00	5,662,528.21	0.00	0.00	0.00
Total	499,591,785.31	30,754,721.19	468,837,064.12	353,604,805.20	18,298,408.06	335,306,397.14

(2) Inventory depreciation reserves and contract performance cost impairment reserves

Unit: RMB

Item	Beginning Balance	Increase in current period		Decrease in current period		Ending Balance
		Provision	Others	Reversal or reselling	Others	
Raw materials	4,182,521.26	1,308,707.50	425,061.21	1,421,261.75	-24,880.21	4,519,908.43
Products in process	0.00					0.00
Inventory goods	13,846,891.80	18,041,911.22	2,066,549.09	8,475,513.07	-262,822.38	25,742,661.42
Sending goods	268,995.00	461,991.75	11,830.88	250,542.27	124.02	492,151.34
Total	18,298,408.06	19,812,610.47	2,503,441.18	10,147,317.09	-287,578.57	30,754,721.19

9. Non-current assets due within one year

Unit: RMB

Item	Ending Balance	Beginning Balance
Debt investment due within one year		19,802,583.11
Long-term receivables due within one year	2,320,265.60	580,655.24
Total	2,320,265.60	20,383,238.35

(1) Debt investment due within one yearApplicable Not applicable**1) Information on debt investment due within one year**

Unit: RMB

Portfolio Name	Ending Balance			Beginning Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Time deposits				19,802,583.11		19,802,583.11
Total				19,802,583.11		19,802,583.11

Changes in provision for depreciation of debt investments due within one year in the current period

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance

2) Important debt investments due within one year at the end of the period

Unit: RMB

Item	Face value	Coupon rate	Due Date	Effective interest rate		Overdue principal	
				Ending Balance	Beginning Balance	Ending Balance	Beginning Balance

3) Provision for impairment

Unit: RMB

Bad debt reserve	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Lifetime expected credit losses (credit impairment not occurred)	Lifetime expected credit losses (credit impairment occurred)	
Balance as of January 1, 2025 in the current period				

Classification basis and bad debt reserve provision ratio for each stage

Description of significant changes in the book balance with changes in loss provisions in the current period:

The basis for calculating the amount of provision for impairment or the current period and evaluating whether the credit risk of financial instruments has significantly increased

4) Information on debt investment due within one year actually written off in the current period

Unit: RMB

Item	Write-off amount
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Information on verification of important debt investments due within one year

Unit: RMB

Company name	Payment nature	Write-off amount	Write-off reason	Verification and cancellation programs that have been performed	Whether the payment is incurred due to related transactions
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Other explanations:

1. Long-term receivables due within one year

Unit: RMB

Item	Ending balance			Opening balance			Discount rate range
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value	
Employee long-term borrowings	2,050,095.05	-	2,050,095.05	580,655.24	-	580,655.24	3.50%-4.30%
Finance lease receivables	284,390.05	14,219.50	270,170.55	-	-	-	26.16%
Subtotal	2,334,485.10	14,219.50	2,320,265.60	580,655.24	-	580,655.24	

(2) Other creditor's debt investment due within one year

Applicable Not applicable

10. Other current assets

Unit: RMB

Item	Ending Balance	Beginning Balance
Cost of returning products receivable	986,678.05	
Advance payment of income tax	6,039,262.75	11,474,437.07
Value added tax deduction amount	24,139,297.30	21,313,002.62
Other prepaid taxes	1,221,681.27	283,376.31
Financial product investments	72,181,060.30	

Total	104,567,979.67	33,070,816.00
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Other explanations:

11. Debt investment

(1) Information on debt investment

Unit: RMB

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Bank CD - Principal	28,073,846.19		28,073,846.19	35,235,692.02		35,235,692.02
Bank CD - Interest	903,485.13		903,485.13	342,697.25		342,697.25
Debt investment due within one year	0.00		0.00	-19,802,583.11		-19,802,583.11
Total	28,977,331.32		28,977,331.32	15,775,806.16		15,775,806.16

Changes in provision for depreciation of debt investments in the current period

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance

(2) Important debt investments at the end of the period

Unit: RMB

Debt items	Ending Balance					Beginning Balance				
	Face value	Coupon rate	Effective interest rate	Due Date	Overdue principal	Face value	Coupon rate	Effective interest rate	Due Date	Overdue principal

(3) Provision for impairment

Unit: RMB

Bad debt reserve	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Expected credit loss within whole duration (no credit impairment occur)	Expected credit loss within whole duration (credit impairment has occurred)	
Balance as of January 1, 2025 in the current period				

Classification basis and bad debt reserve provision ratio for each stage

(4) Actual verification of debt investments in the current period

Unit: RMB

Item	Write-off amount
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Information on important debt investment verification

Description of debt investment verification:

Changes in book balance with major changes in loss reserves during the current period

 Applicable Not applicable

Other explanations:

12. Long-term receivables**(1) Information on long-term receivables**

Unit: RMB

Item	Ending Balance			Beginning Balance			Discount rate range
	Book balance	Bad debt reserve	Book value	Book balance	Bad debt reserve	Book value	
Receivables from finance leases	1,343,415.06	407,692.43	935,722.63				26.16%
Employee long-term borrowings	19,317,083.29		19,317,083.29	6,059,956.79		6,059,956.79	3.50%-4.30%
Long-term receivables due within one year	-2,334,485.10	-14,219.50	-2,320,265.60	-580,655.24		-580,655.24	3.50%-4.30%
Total	18,326,013.25	393,472.93	17,932,540.32	5,479,301.55	0.00	5,479,301.55	

(2) Disclosure by bad debt accrual method

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Bad debt reserve made individually	0.00		0.00		0.00		0.00		0.00	0.00

Including:										
Bad debt reserve made by portfolio	20,660,498.35	100.00%	407,692.43	1.97%	20,252,805.92	6,059,956.79	100.00%	0.00		6,059,956.79
Including:										
Aging portfolio	20,660,498.35	100.00%	407,692.43	1.97%	20,252,805.92	6,059,956.79	100.00%			6,059,956.79
Total	20,660,498.35	100.00%	407,692.43	1.97%	20,252,805.92	6,059,956.79	100.00%			6,059,956.79

Bad debt reserve made by portfolio: 407,692.43

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Aging portfolio	20,660,498.35	407,692.43	1.97%
Total	20,660,498.35	407,692.43	

Description of the basis for determining the portfolio:

(3) Bad debt reserves withdrawn, recovered or reversed in the current period

Unit: RMB

Category	Beginning Balance	Current period change amount				Ending Balance
		Provision	Return or reversal	Write-off or cancellation	Others	
Bad debt reserve made by portfolio		391,515.93			16,176.50	407,692.43
Total		391,515.93			16,176.50	407,692.43

13. Long-term equity investment

Unit: RMB

Investee	Beginning balance (book value)	Beginning balance of impairment provision	Increase or decrease in the current period								Ending balance (book value)	Ending balance of impairment provision
			Additional investment	Reduced investment	Investment gains or losses recognized under equity method	Other comprehensive income adjustments	Changes in other equities	Cash dividends or profits declared to pay	Impairment provision	Others		
I. Joint ventures												
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Joint venture												
1)CV Squared,Inc.	3,784,728.11	0.00	0.00	0.00	- 2,603,177.21	0.00	0.00	0.00	1,155,606.35	- 25,944.55	0.00	1,155,606.35
2)ZKTECO SMART CITY(THAILAND)CO.,LTD.	1,436,786.20	0.00	0.00	0.00	69,146.83	0.00	0.00	0.00	0.00	- 32,968.71	1,472,964.32	0.00
3) Xiamen Xingniu Yunyu Venture Capital Partnership Enterprise (Limited Partnership)	23,760,577.92	0.00	0.00	0.00	-120,687.66	0.00	0.00	0.00	0.00	0.00	23,639,890.26	0.00
Subtotal	28,982,092.23	0.00	0.00	0.00	- 2,654,718.04	0.00	0.00	0.00	1,155,606.35	- 58,913.26	25,112,854.58	1,155,606.35
Total	28,982,092.23	0.00	0.00	0.00	- 2,654,718.04	0.00	0.00	0.00	1,155,606.35	- 58,913.26	25,112,854.58	1,155,606.35

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impaired amount	Method for determining fair value disposal costs	Key parameters	Basis for determining key parameters
CV Squared, Inc.	1,155,606.35	0.00	1,155,606.35	Estimated liquidation proceeds	/	/
Total	1,155,606.35	0.00	1,155,606.35			

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

14. Investment real estate

(1) Investment real estate adopting cost measurement model

Applicable Not applicable

Unit: RMB

Item	Houses and buildings	Land use rights	Construction in progress	Total
I. Original book value				
1. Beginning Balance	34,416,026.15			34,416,026.15
2. Increase in current period				
(1) Outsourcing				
(2) Transferred from inventory, fixed assets, and construction in progress				
(3) Increase in business merger				
3. Decrease in current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance	34,416,026.15			34,416,026.15
II. Accumulated depreciation and				

accumulated amortization				
1. Beginning Balance	12,911,709.38			12,911,709.38
2. Increase in current period	1,641,172.08			1,641,172.08
(1) Provision or amortization	1,641,172.08			1,641,172.08
3. Decrease in current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance	14,552,881.46			14,552,881.46
III. Provision for impairment				
1. Beginning Balance				
2. Increase in current period				
(1) Provision				
3. Decrease in current period				
(1) Disposal				
(2) Other transfers out				
4. Ending balance				
IV. Book value				
1. Ending book value	19,863,144.69			19,863,144.69
2. Beginning book value	21,504,316.77			21,504,316.77

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

(2) Investment real estate adopting fair value measurement model

Applicable Not applicable

15. Fixed assets

Unit: RMB

Item	Ending Balance	Beginning Balance
Fixed assets	723,300,476.82	535,337,384.82
Total	723,300,476.82	535,337,384.82

(1) Status of fixed assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation vehicles	Electronic and other equipment	Total
I. Original book value:					
1. Beginning Balance	517,773,308.90	54,643,596.72	13,839,192.69	116,723,366.94	702,979,465.25
2. Increase in current period	194,837,768.09	14,160,846.13	3,653,400.85	22,358,794.04	235,010,809.11
(1) Purchase	26,737,801.79	10,252,467.64	2,785,528.45	15,645,286.68	55,421,084.56
(2) Transferred from construction in progress	166,019,176.15			2,216,693.24	168,235,869.39
(3) Increase in business merger		3,643,330.69	162,175.22	3,562,773.20	7,368,279.11
(4) Differences in foreign currency statement translation	2,080,790.15	230,294.24	134,384.63	-307,133.66	2,138,335.36
(5) Internal reclassification		34,753.56	571,312.55	1,241,174.58	1,847,240.69
3. Decrease in current period	654,123.72	2,495,703.51	322,127.60	5,377,529.12	8,849,483.95
(1) Disposal or retirement		1,598,339.17	322,127.60	4,205,414.22	6,125,880.99
(2) Internal reclassification	343,810.24	897,364.34		606,066.11	1,847,240.69
(3) Other decreases	310,313.48			566,048.79	876,362.27
4. Ending balance	711,956,953.27	66,308,739.34	17,170,465.94	133,704,631.86	929,140,790.41
II. Accumulated depreciation					
1. Beginning Balance	50,390,962.19	31,381,296.75	9,118,656.37	76,751,165.12	167,642,080.43
2. Increase in current period	16,236,839.89	7,451,318.84	2,438,695.18	18,055,004.46	44,181,858.37
(1)	16,127,724.40	5,761,541.86	1,853,719.72	17,104,481.67	40,847,467.65

Provision					
(2) Increase in business merger		1,714,472.16	118,575.22	1,835,915.68	3,668,963.06
(3) Differences in foreign currency statement translation	109,115.49	-52,787.64	63,881.01	-1,042,297.88	-922,089.02
(4) Internal reclassification		28,092.46	402,519.23	156,904.99	587,516.68
3. Decrease in current period	202,724.97	1,306,018.70	308,375.53	4,166,506.01	5,983,625.21
(1) Disposal or retirement		1,304,796.14	308,375.53	3,509,637.45	5,122,809.12
(2) Internal reclassification	155,682.43	1,222.56		430,611.69	587,516.68
(3) Other transfers out	47,042.54			226,256.87	273,299.41
4. Ending balance	66,425,077.11	37,526,596.89	11,248,976.02	90,639,663.57	205,840,313.59
III. Provision for impairment					
1. Beginning Balance					
2. Increase in current period					
(1) Provision					
3. Decrease in current period					
(1) Disposal or retirement					
4. Ending balance					
IV. Book value					
1. Ending book value	645,531,876.16	28,782,142.45	5,921,489.92	43,064,968.29	723,300,476.82
2. Beginning book value	467,382,346.71	23,262,299.97	4,720,536.32	39,972,201.82	535,337,384.82

(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remarks
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(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Ending book value
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(4) Fixed assets without completed property ownership certificate

Unit: RMB

Item	Book value	Reasons for not completing the property ownership certificate
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Other explanations:

(5) Impairment test of fixed assets Applicable Not applicable**(6) Disposal of fixed assets**

Unit: RMB

Item	Ending Balance	Beginning Balance
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Other explanations:

[Note] The original value of fixed assets that have been fully depreciated at the end of the period but are still in use is RMB 49,696,615.90.

- At the end of the period, no obvious signs of impairment of fixed assets were found, so no impairment provision was made.
- At the end of the period, there were no fixed assets for which property ownership certificates had not yet been obtained.
- At the end of the period, there was no fixed asset subject to any restrictions on ownership or use rights such as mortgage, pledge, seizure, freezing or detention.

16. Construction in progress

Unit: RMB

Item	Ending Balance	Beginning Balance
Construction in progress	113,147,627.97	226,445,932.02
Total	113,147,627.97	226,445,932.02

(1) Construction in progress

Unit: RMB

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value

		provision			provision	
Multimodal Biometrics Digitalization Industrial Base Construction Project	62,028,920.17		62,028,920.17	179,899,141.41		179,899,141.41
Thai factory construction and office buildings				40,007,675.65		40,007,675.65
American Manufacturing Factory Construction Project	49,690,642.68		49,690,642.68	6,539,114.96		6,539,114.96
European regional headquarters construction project	1,428,065.12		1,428,065.12			
Total	113,147,627.97		113,147,627.97	226,445,932.02		226,445,932.02

(2) Current changes in important construction in progress

Unit: RMB

Project Name	Budget amount	Beginning Balance	Increase in current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Ending Balance	Proportion of accumulated project investment to budget	Engineering progress	Accumulated amount of interest capitalization	Including: current interest capitalized amount	Current interest capitalization rate	Source of Funds
Multimodal Biometrics Digitalization Industrial Base Construction Project	284,566,264.91	179,899,141.41	7,197,754.87	125,067,976.11		62,028,920.17	68.71%	Partial completion and transfer to fixed assets				Raised funds, others ¹
American Manufacturing Factory Construction Project	74,418,500.00	6,539,114.96	43,151,527.72			49,690,642.68	66.77%	It is expected that parts of the project will be completed and capitalized in 2026.				Raised funds, others ¹
Thai factory construction and office buildings	109,095,400.00	40,007,675.65	3,160,217.63	43,167,893.28		0.00	76.11%	Completed				Other 2
Total	468,080,164.91	226,445,932.02	53,509,500.22	168,235,869.39		111,719,562.85						

Note: 1. Raised funds and own funds

2. Own funds

17. Right-of-use assets

(1) Information on right-of-use assets

Unit: RMB

Item	Houses and buildings	Transportation vehicles	Electronic equipment and others	Total
I. Original book value				
1. Beginning Balance	105,951,804.64	3,367,291.18	23,200.93	109,342,296.75
2. Increase in current period	41,339,765.29	1,819,945.75		43,159,711.04
(1) Lease	25,476,951.32	1,718,507.60		27,195,458.92
(2) Increase in business merger	15,563,834.36			15,563,834.36
(3) Differences arising from foreign currency statement translation	298,979.61	101,438.15		400,417.76
3. Decrease in current period	41,238,819.55	1,513,198.10	23,200.93	42,775,218.58
(1) Expiration of lease	30,471,808.88	1,195,048.92		31,666,857.80
(2) Lease change	2,889,140.87			2,889,140.87
(3) Termination of lease	7,877,869.80	318,149.18	23,200.93	8,219,219.91
4. Ending balance	106,052,750.38	3,674,038.83		109,726,789.21
II. Accumulated depreciation				
1. Beginning Balance	59,181,759.19	1,790,536.05	17,787.37	60,990,082.61
2. Increase in current period	26,095,287.54	1,614,931.03	3,866.84	27,714,085.41
(1) Provision	25,221,864.38	1,575,204.92	3,866.84	26,800,936.14
(2) Increase in business merger	518,374.56			518,374.56
(3) Differences arising from foreign currency statement translation	355,048.60	39,726.11		394,774.71
3. Decrease in current period	33,231,983.08	1,513,198.10	21,654.21	34,766,835.39
(1) Disposal				
(2) Expiration of lease	28,012,247.86	1,195,048.92		29,207,296.78
(3) Lease change	2,503,360.36			2,503,360.36
(4) Termination of lease	2,716,374.86	318,149.18	21,654.21	3,056,178.25
4. Ending balance	52,045,063.65	1,892,268.98		53,937,332.63
III. Provision for impairment				
1. Beginning Balance				
2. Increase in current period				

(1) Provision				
3. Decrease in current period				
(1) Disposal				
4. Ending balance				
IV. Book value				
1. Ending book value	54,007,686.73	1,781,769.85		55,789,456.58
2. Beginning book value	46,770,045.45	1,576,755.13	5,413.56	48,352,214.14

(2) Impairment test of right-of-use assets

Applicable Not applicable

Other explanations:

18. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patent technology	Software	Trademark	Customer relations	Others	Total
I. Original book value								
1. Beginning Balance	83,690,229.40			39,345,602.92			116,213.23	123,152,045.55
2. Increase in current period	1,920,710.73	19,900,000.00		4,026,161.42	57,800,000.00	94,600,000.00	110,748.25	178,357,620.40
(1) Purchase				2,739,236.42				2,739,236.42
(2) Internal R&D								
(3) Increase in business merger		19,900,000.00		1,090,061.90	57,800,000.00	94,600,000.00	112,844.61	173,502,906.51
Difference on translation of foreign currency	1,920,710.73			196,863.10			-2,096.36	2,115,477.47

financial statements								
3. Decrease in current period				188,269.12			33,488.20	221,757.32
(1) Disposal				188,269.12			33,488.20	221,757.32
4. Ending balance	85,610,940.13	19,900,000.00		43,183,495.22	57,800,000.00	94,600,000.00	193,473.28	301,287,908.63
II. Accumulated amortization								
1. Beginning Balance	12,587,135.35			10,654,231.55			66,281.85	23,307,648.75
2. Increase in current period	1,242,153.90	207,291.67		4,443,654.53		788,333.33	13,709.22	6,695,142.65
(1) Provision	1,242,153.90	207,291.67		3,926,395.30		788,333.33	17,218.88	6,181,393.08
(2) Increase in business merger				353,356.51				353,356.51
(3) Differences in foreign currency statement translation				163,902.72			-3,509.66	160,393.06
3. Decrease in current period				179,951.01				179,951.01
(1) Disposal				179,951.01				179,951.01
4. Ending balance	13,829,289.25	207,291.67		14,917,935.07		788,333.33	79,991.07	29,822,840.39
III. Provision for impairment								
1. Beginning Balance								
2. Increase in current period								

(1) Provision								
3. Decrease in current period								
(1) Disposal								
4. Ending balance								
IV. Book value								
1. Ending book value	71,781,650.88	19,692,708.33		28,265,560.15	57,800,000.00	93,811,666.67	113,482.21	271,465,068.24
2. Beginning book value	71,103,094.05			28,691,371.37			49,931.38	99,844,396.80

The proportion of intangible assets formed through internal R&D of the company to the balance of intangible assets at the end of this period is 0.00%.

(2) Data resources recognized as intangible assets

Applicable Not applicable

(3) Land use rights without completed property ownership certificates

Unit: RMB

Item	Book value	Reasons for not completing the property ownership certificate
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Other explanations:

(4) Impairment test for intangible assets

Applicable Not applicable

19. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of invested entity or matters	Beginning Balance	Increase in the current period		Decrease in the current period		Ending Balance
		Formed by business	Exchange rate fluctuations	Disposals	Exchange rate fluctuations	

forming goodwill		merger			
Shenzhen Longzhiyuan Technology Co., Ltd.		238,889,857.56			238,889,857.56
ZKTECO (M) SDN. BHD.	175,733.09		-3,901.70		171,831.39
ZK INVESTIMEN TOS DO BRASIL LTDA.	336,604.16		-7,473.44		329,130.72
Total	512,337.25	238,889,857.56	-11,375.14		239,390,819.67

(2) Provision for impairment of goodwill

Unit: RMB

Name of invested entity or matters forming goodwill	Beginning Balance	Increase in the current period		Decrease in the current period		Ending Balance
		Provision	Exchange rate fluctuations	Disposals		
ZK INVESTIMEN TOS DO BRASIL LTDA.		334,296.72	-5,166.00			329,130.72
Total		334,296.72	-5,166.00			329,130.72

(3) Information related to the asset group or portfolio of asset groups where goodwill is located

Name	Composition and basis of the asset group or portfolio to which it belongs	Operating segments and basis	Is it consistent with previous years
Shenzhen Longzhiyuan Technology Co., Ltd.	Composition of the asset group: Goodwill, fixed assets, right-of-use assets, intangible assets, and long-term deferred expenses of Shenzhen Longzhiyuan Technology Co., Ltd. The asset group of Shenzhen Longzhiyuan Technology Co., Ltd. can independently generate cash flows and can be identified as a separate asset group.	Not applicable	1
ZKTECO (M) SDN. BHD.	An asset group or portfolio of asset groups that can independently generate cash flow, taking into account the synergistic effects of business mergers and the management's management or	Not applicable	Yes

	monitoring of production and operating activities.		
ZK INVESTIMENTOS DO BRASIL LTDA	An asset group or portfolio of asset groups that can independently generate cash flow, taking into account the synergistic effects of business mergers and the management's management or monitoring of production and operating activities.	Not applicable	Yes

Note 1: Not applicable

Changes in asset group or asset portfolio

Name	Composition before change	Composition after change	Objective facts and basis that lead to changes
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Other explanations:

(4) Specific method for determining the recoverable amount

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impaired amount	Duration of the forecast period	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining key parameters of the stable period
Shenzhen Longzhiyuan Technology Co., Ltd.	601,102,656.72	643,300,000.00	0.00	5	5-year revenue growth rates are respectively: 12.70%, 21.84%, 17.26%, 8.24%, 1.50%. 13.6% (after-tax discount rate) 15.52% (pre-tax discount rate)	Operating revenue growth rate of the stable period: 0%; profit margin of the stable period: 17.72%	Determined based on the forecast data of the last period of the forecast period
Total	601,102,656.72	643,300,000.00	0.00				

Reasons for significant discrepancies between the above information and the information or external information used in impairment tests of previous years

Reasons for significant discrepancies between the information used in the Company's impairment tests of previous year and the actual situation of that year

(5) Completion of performance commitments and corresponding impairment of goodwill

When goodwill is formed, there is a performance commitment and the reporting period or the previous period in the reporting period is within the performance commitment period

Applicable Not applicable

Unit: RMB

Item	Achievement in performance commitments						Impaired amount of goodwill	
	Current period			Previous period			Current period	Previous period
	Committed performance	Actual performance	Completion rate	Committed performance	Actual performance	Completion rate		
Shenzhen Longzhiyuan Technology Co., Ltd.	90,000,000.00	72,662,590.94	80.74%					

Other explanations:

Note: The actual performance refers to the net profit attributable to shareholders of the parent company under the scope of Longzhiyuan's consolidated financial statements, after deducting non-recurring profits and losses and excluding the impact of share-based payment.

Longzhiyuan is the asset group or asset group combination to which the goodwill newly recognized this year belongs. The performance commitment period is three consecutive fiscal years starting from the year the transaction is completed, namely 2025, 2026, and 2027. Longzhiyuan commits that the net profit attributable to shareholders of the parent company, after deducting non-recurring profits and losses and excluding the impact of share-based payment, shall not be less than RMB 90,000,000.00 for the year 2025, not less than RMB 100,000,000.00 for the year 2026, and not less than RMB 110,000,000.00 for the year 2027. The cumulative total for the three years shall not be less than RMB 300,000,000.00. After the expiration of the performance commitment period, if the cumulative net profit achieved by Longzhiyuan during the performance commitment period is less than the total committed net profit, then the performance obligor shall provide performance compensation to the Company.

Longzhiyuan's audited net profit for 2025 was RMB 72.6626 million, which was RMB 17.3374 million lower than the committed amount, failing to fulfill the performance commitment for the current year. Longzhiyuan failed to meet its annual performance commitment due to declining market demand, which led to a decrease in business volume. According to Longzhiyuan's management forecast, Longzhiyuan is expected to complete its three-year cumulative performance commitment, thus having no impact on the goodwill impairment test for the current period.

20. Long-term deferred expenses

Unit: RMB

Item	Beginning Balance	Increase in current period	Amortization amount for the current period	Other reduced amounts	Ending Balance
Decoration works	4,139,639.18	4,857,131.97	2,419,191.29	80,168.91	6,497,410.95
Deferred interest	622,274.12	2,749,815.72	565,208.24		2,806,881.60

on employee long-term borrowings					
Others	793,624.31	1,208,608.82	941,075.52	21.44	1,061,136.17
Total	5,555,537.61	8,815,556.51	3,925,475.05	80,190.35	10,365,428.72

Other explanations:

21. Deferred income tax assets/deferred tax liabilities

(1) Deferred income tax assets not offset

Unit: RMB

Item	Ending Balance		Beginning Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	62,307,992.74	8,818,471.30	47,192,027.83	6,521,838.09
Unrealized profits from internal transactions	89,056,795.08	21,049,010.51	84,185,246.35	17,508,200.23
Deductible losses	286,902,533.99	43,015,333.33	285,896,113.31	42,872,331.32
Withholding rebates	12,220,750.79	1,642,105.29	10,022,833.77	1,393,756.83
Share-based payments	20,233,716.76	3,040,239.17		
Provision for inventory write-down	20,780,358.70	3,585,619.59	14,186,283.12	2,370,858.96
Deferred income	1,364,769.40	204,715.41	1,420,041.44	213,006.22
Lease liabilities	49,421,980.64	9,378,780.02	49,257,032.77	10,466,405.35
Payroll payable	275,000.00	41,250.00	2,236,010.00	342,401.50
Total	542,563,898.10	90,775,524.62	494,395,588.59	81,688,798.50

(2) Non-offsetting deferred tax liabilities

Unit: RMB

Item	Ending Balance		Beginning Balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Valuation and appreciation of assets in the business merger not under the same control	178,996,559.49	26,779,049.84		
Changes in fair value of trading financial instruments	3,289,828.26	522,179.78	3,617,185.62	542,577.84
Accelerated depreciation of fixed assets	17,359,438.68	2,603,915.80	16,600,073.87	2,490,011.08
Right-of-use assets	55,789,456.58	8,328,889.12	46,681,772.88	9,697,505.58
Total	255,435,283.01	38,234,034.54	66,899,032.37	12,730,094.50

(3) Deferred income tax assets or liabilities listed at net amount after offset

Unit: RMB

Item	Amount of mutual offset between deferred income tax assets and liabilities at the end of period	Ending balance of deferred income tax assets and liabilities after offset	Amount of mutual offset between deferred income tax assets and liabilities at the beginning of period	Beginning balance of deferred income tax assets and liabilities after offset
Deferred income tax assets	8,242,366.70	82,533,157.92		81,688,798.50
Deferred tax liabilities	8,242,366.70	29,991,667.84		12,730,094.50

(4) Details of unconfirmed deferred income tax assets

Unit: RMB

Item	Ending Balance	Beginning Balance
Deductible temporary difference	31,081,738.63	16,623,824.03
Deductible losses	126,941,014.17	96,349,663.36
Total	158,022,752.80	112,973,487.39

(5) The deductible losses of unrecognized deferred income tax assets will expire in the following years

Unit: RMB

Year	Closing amount	Opening amount	Remarks
2025		1,274,747.09	
2026	1,197,473.12	2,241,647.99	
2027	5,414,110.56	6,892,984.64	
2028	15,923,121.88	15,815,109.76	
2029	18,201,514.72	18,664,838.49	
2030 and beyond	86,204,793.89	51,460,335.39	
Total	126,941,014.17	96,349,663.36	

Other explanations:

22. Other non-current assets

Unit: RMB

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid equipment payment	423,995.07		423,995.07	4,620,055.22		4,620,055.22
Total	423,995.07		423,995.07	4,620,055.22		4,620,055.22

Other explanations:

23. Assets with restricted ownership or use right

Unit: RMB

Item	End of the period				Opening			
	Book balance	Book value	Restricted type	Restricted situation	Book balance	Book value	Restricted type	Restricted situation
Monetary funds	89,424,045.15	89,424,045.15	Deposits, funds in transit, frozen funds	Bill deposit: RMB 86,849,030.32, other deposits: RMB 26,081.66, funds in transit: RMB 2,465,563.17, frozen litigation funds: RMB 83,370.00	47,843,704.40	47,843,704.40	Deposit and funds in transit	Bill deposit: RMB 45,703,490.78, funds in transit: RMB 2,140,213.62
Total	89,424,045.15	89,424,045.15			47,843,704.40	47,843,704.40		

Other explanations:

24. Short-term loan**(1) Classification of short-term loans**

Unit: RMB

Item	Ending Balance	Beginning Balance
Bill discounting	51,713,359.30	
L/C discounting	29,387,828.70	
Total	81,101,188.00	

Description of short-term loan classification:

None

25. Trading financial liabilities

Unit: RMB

Item	Ending Balance	Beginning Balance
Including:		
Financial liabilities measured at fair value and whose changes are included in the current profits and losses	208,175,000.00	
Including:		
Financial liabilities measured at fair value and whose changes are included in the current profits and losses	208,175,000.00	

Total	208,175,000.00	
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Other explanations:

Trading financial liabilities represent the contingent consideration arising from the Company's acquisition of 55% equity in Shenzhen Longzhiyuan Technology Co., Ltd. in 2025.

26. Notes payable

Unit: RMB

Category	Ending Balance	Beginning Balance
Bank acceptance bill	239,870,823.79	134,784,219.75
Total	239,870,823.79	134,784,219.75

27. Accounts payable

(1) Listing of accounts payable

Unit: RMB

Item	Ending Balance	Beginning Balance
Material payment	369,260,477.12	173,900,619.81
Equipment payment	4,482,272.79	898,794.71
Service fee	9,686,370.21	5,020,813.02
Project payment	15,129,483.60	42,641,363.41
Others	5,891,418.20	2,953,051.88
Total	404,450,021.92	225,414,642.83

(2) Are there any overdue and unpaid amounts to SMEs?

Is it a large enterprise?

Yes No

Are there any overdue and unpaid amounts to SMEs?

Yes No

28. Other payables

Unit: RMB

Item	Ending Balance	Beginning Balance
Dividends payable	556,900.00	
Other payables	70,922,462.71	45,821,035.19
Total	71,479,362.71	45,821,035.19

(1) Interest payable

Unit: RMB

Item	Ending Balance	Beginning Balance
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Important overdue and unpaid interest:

Unit: RMB

Borrower	Overdue amount	Overdue reason
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Other explanations:

(2) Dividends payable

Unit: RMB

Item	Ending Balance	Beginning Balance
Restricted share dividends	556,900.00	
Total	556,900.00	

Other explanations, including important dividends payable that have not been paid for more than one year, whose reasons for the non-payment shall be disclosed:

(3) Other payables**1) List of other payables by nature of money**

Unit: RMB

Item	Ending Balance	Beginning Balance
Employee reimbursement	2,336,100.94	1,648,647.92
Payment to be settled	7,355,965.12	5,241,858.41
Withholding and remitting of social security and housing fund	99,189.00	125,966.01
Current account	7,086,493.99	6,093,622.83
Collection and payment on behalf of others	1,698,462.16	1,552,934.62
Guarantee deposit	2,503,691.10	2,489,844.38
Liabilities recognized for repurchase obligations under share-based payment arrangements	14,200,950.00	0.00
Others	35,641,610.40	28,668,161.02
Total	70,922,462.71	45,821,035.19

Other explanations:

29. Contract liabilities

Unit: RMB

Item	Ending Balance	Beginning Balance
Advances on sales	76,516,595.89	71,168,318.91
Total	76,516,595.89	71,168,318.91

Significant contract liabilities with an aging of over 1 year

Unit: RMB

Item	Ending Balance	Reasons for non-repayment or carry-
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		forward
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Amount and reasons for significant changes in book value during the reporting period

Unit: RMB

Item	Change amount	Reasons for changes
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30. Payroll payable

(1) List of payroll payable

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance
I. Short-term compensation	52,837,254.18	517,033,056.70	509,257,077.54	60,613,233.34
II. Post-employment welfare - defined contribution plan	416,810.35	27,123,221.66	26,752,616.66	787,415.35
III. Dismissal welfare	736,909.78	3,981,904.27	3,857,968.67	860,845.38
Total	53,990,974.31	548,138,182.63	539,867,662.87	62,261,494.07

(2) List of short-term compensation

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance
1. Salary, bonus, allowance and subsidy	50,669,903.85	486,609,643.49	478,497,859.12	58,781,688.22
2. Payroll	240,584.42	4,242,215.11	4,244,374.98	238,424.55
3. Social insurance	651,724.81	19,883,481.31	20,194,207.86	340,998.26
Including: medical insurance premium	649,683.10	18,682,524.16	19,103,342.10	228,865.16
Work-related injury insurance premium	2,041.71	784,152.12	674,060.73	112,133.10
Maternity insurance premium		416,805.03	416,805.03	
4. Housing fund	92,893.61	5,718,452.73	5,742,717.62	68,628.72
5. Labor union expenditure and personnel education fund	1,182,147.49	579,264.06	577,917.96	1,183,493.59
Total	52,837,254.18	517,033,056.70	509,257,077.54	60,613,233.34

(3) List of defined contribution plan

Unit: RMB

Item	Beginning Balance	Increase in the current	Decrease in the current	Ending Balance
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		period	period	
1. Basic endowment insurance expenses	397,285.35	26,196,656.58	25,810,968.72	782,973.21
2. Unemployment insurance	19,525.00	926,565.08	941,647.94	4,442.14
Total	416,810.35	27,123,221.66	26,752,616.66	787,415.35

Other explanations:

None

31. Taxes payable

Unit: RMB

Item	Ending Balance	Beginning Balance
VAT	8,243,828.16	5,579,760.29
Corporate income tax	20,613,197.70	6,705,759.08
Individual income tax	6,106,955.58	5,232,563.89
Urban maintenance and construction tax	460,901.65	444,230.76
Property tax	503,954.36	488,175.02
Stamp duty	407,063.41	407,386.15
Education surcharge	449,465.31	440,506.80
Others	2,092,649.06	982,716.97
Total	38,878,015.23	20,281,098.96

Other explanations:

None

32. Non-current liabilities due within one year

Unit: RMB

Item	Ending Balance	Beginning Balance
Long-term loans due within one year	6,807,107.58	964,811.76
Lease liabilities due within one year	24,051,906.28	21,857,837.11
Total	30,859,013.86	22,822,648.87

Other explanations:

33. Other current liabilities

Unit: RMB

Item	Ending Balance	Beginning Balance
Sales rebates payable	14,700,793.42	10,022,833.77
Tax to be transferred to output tax	2,118,948.99	2,037,746.19
Estimated payments for goods return	1,951,399.89	0.00
Total	18,771,142.30	12,060,579.96

34. Long-term loan**(1) Classification of long-term loans**

Unit: RMB

Item	Ending Balance	Beginning Balance
Credit borrowings	6,946,978.66	7,986,140.65
Long-term loans due within one year	-6,807,107.58	-964,811.76
Total	139,871.08	7,021,328.89

Description of long-term loan classification:

Note: As of December 31, 2025, the credit borrowings included an amount of RMB 7,276.50 for accrued but unpaid interest (December 31, 2024: RMB 8,211.50).

Other explanations, including interest rate range:

35. Lease liabilities

Unit: RMB

Item	Ending Balance	Beginning Balance
Lease payment amount	55,610,475.47	57,524,873.16
Unrecognized financing charges	-6,188,494.83	-6,558,959.29
Lease liabilities due within one year	-24,051,906.28	-21,857,837.11
Total	25,370,074.36	29,108,076.76

Other explanations:

36. Long-term payables

Unit: RMB

Item	Ending Balance	Beginning Balance
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(1) Long-term payables listed by nature of payment

Unit: RMB

Item	Ending Balance	Beginning Balance
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Other explanations:

(2) Special payables

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance	Cause of formation
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Other explanations:

37. Deferred income

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance	Cause of formation
Government subsidies	1,420,041.44		55,272.04	1,364,769.40	Financial allocation
Total	1,420,041.44		55,272.04	1,364,769.40	

Other explanations:

- For government subsidies recognized in deferred income, refer to Note XI "Government subsidies" in this chapter.

38. Other non-current liabilities

Unit: RMB

Item	Ending Balance	Beginning Balance

Other explanations:

39. Share capital

Unit: RMB

	Beginning Balance	Increase/decrease in this change (+, -)					Ending Balance
		Issue new shares	Bonus	Share transferred from capital reserve	Others	Subtotal	
Total Shares	196,312,325.00			39,039,225.00		39,039,225.00	235,351,550.00

Other explanations:

According to the resolution of the Company's 2024 annual general meeting, the Company will, based on the share capital after deducting the shares in the Company's dedicated securities account for share repurchases from the total share capital on the record date for the implementation of equity distribution, capitalize capital reserve by issuing 2 shares for every 10 shares to all shareholders, with the capital reserve converted into share capital amounting to RMB 39,039,225.00.

40. Capital reserve

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance
Capital premium (share premium)	2,039,432,865.60		58,025,465.62	1,981,407,399.98

Other capital reserves	67,890,767.63	19,523,227.41	-	87,413,995.04
Total	2,107,323,633.23	19,523,227.41	58,025,465.62	2,068,821,395.02

Other descriptions, including changes in current period and reasons for changes:

(1) The decrease in capital reserve - share premium in the current period is mainly due to the following: ① Pursuant to the "Proposal on the Company's 2025 Employee Stock Ownership Plan (Draft) and Its Abstract", the "Proposal on the Company's 2025 Employee Stock Ownership Plan Management Measures", and the "Proposal on Submitting the Company's General Meetings to Authorize the Board of Directors to Handle Matters Related to the 2025 Employee Stock Ownership Plan", which were respectively deliberated and approved at the 15th Session of the Third Board Meeting, the 14th Session of the Third Supervisory Board Meeting, and the First Extraordinary General Meeting of 2025, the Company granted 1,113,800 shares to employees at a grant price of RMB 13.25 per share. The difference between the subscription payment for employee shares received (RMB 14,757,850.00) and the treasury shares of the same number calculated at the average repurchase price (RMB 29,805,288.00) was offset against share premium (RMB 15,047,438.00). ② As of June 3, 2025, based on the total share capital of 196,312,325 shares after deducting 195,196,125 shares from the Company's repurchase account in which 1,116,200 shares had been repurchased, 2 shares were issued for every 10 shares to all shareholders, reducing capital reserve - share premium by RMB 39,039,225.00. ③ The Company waived other receivables from its subsidiary Wuhan ZKTeco Perception Technology Co., Ltd., and the portion attributable to minority shareholders' profit and loss reduced capital reserve by RMB 3,224,200.00. ④ The Company's subsidiary ZKTECO CO., LIMITED acquired minority interests in ZKTECO ARGENTINA S.A., reducing capital reserve by RMB 496,549.42. ⑤ The Company's subsidiary ZKTECO CO., LIMITED increased capital contribution to ZKTECO EUROPE SL, reducing capital reserve by RMB 218,053.20.

(2) The increase of RMB 19,523,227.41 in capital reserve - other capital reserve is due to share-based payment fees recognized under the 2025 Equity Incentive Plan. For detailed information, please refer to Note XV "Share-based payment".

41. Treasury stock

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance
Reduce registered capital repurchase	59,683,228.10		15,604,338.00	44,078,890.10
Total	59,683,228.10		15,604,338.00	44,078,890.10

Other descriptions, including changes in current period and reasons for changes:

The Company held the 7th Session of the Third Board Meeting on November 10, 2023, and deliberated and approved the "Proposal on Repurchasing Company Shares through Centralized Bidding Trading". The Company was agreed to use its own funds to repurchase the issued RMB denominated ordinary shares of the Company through centralized bidding trading, for employee stock ownership plans or equity incentives.

The decrease in treasury shares in the current period is due to the following: ① Pursuant to the "Proposal on the Company's 2025 Employee Stock Ownership Plan (Draft) and Its Abstract", the "Proposal on the Company's 2025 Employee Stock Ownership Plan Management Measures", and the "Proposal on Submitting the Company's General Meetings to Authorize the Board of Directors to Handle Matters Related to the 2025 Employee Stock Ownership Plan", which were respectively deliberated and approved at the 15th Session of the Third Board Meeting, the 14th Session of the Third Supervisory Board Meeting, and the First Extraordinary General Meeting of 2025, the Company granted 1,113,800 shares to employees. The amount of treasury shares to be offset, calculated at the average repurchase price, was RMB 29,805,288.00. Concurrently, a liability was recognized for the repurchase transaction, increasing the amount of treasury shares by RMB 14,757,850.00. ② The employee stock ownership plan offset the corresponding treasury shares by RMB 556,900.00, based on a dividend distribution of RMB 5 per ten shares in the current period.

42. Other comprehensive income

Unit: RMB

Item	Beginning Balance	Amount incurred in the current period						Ending Balance
		Amount incurred before income tax in the current period	Less: Profit and loss included in other comprehensive income at early stage and transferred in the current period	Less: the net amount that is included in other comprehensive income of prior period and retained earnings transferred into the current profits and loss	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholder after tax	
I. Other comprehensive income to be reclassified into profits and losses	41,914,807.74	-438,704.74				- 2,114,978.07	1,676,273.33	39,799,829.67
Translation difference of foreign currency financial statements	41,914,807.74	-438,704.74				- 2,114,978.07	1,676,273.33	39,799,829.67
Total of other comprehensive income	41,914,807.74	-438,704.74				- 2,114,978.07	1,676,273.33	39,799,829.67

Other explanations, including adjusting the effective portion of cash flow hedging gains and losses to the initial recognition amount of the hedged item:

43. Surplus reserves

Unit: RMB

Item	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance
Legal surplus reserve	64,002,687.03	3,455,944.40		67,458,631.43
Total	64,002,687.03	3,455,944.40		67,458,631.43

Description of surplus reserve, including changes in current period and reasons for changes:

In accordance with the "Company Law" and the Articles of Association, the Company sets aside 10% of the net profit of the parent company as the statutory surplus reserve.

44. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profits before adjustment at end of the previous period	1,000,479,479.18	907,583,024.38
Undistributed profit at the end of the adjustment period	1,000,479,479.18	907,583,024.38
Plus: Net profits attributable to parent company in this period	214,710,432.41	183,045,997.93
Less: withdrawal of legal surplus reserves	3,455,944.40	3,547,264.53
Dividends payable on ordinary shares	97,598,062.50	86,602,278.60
Undistributed profit at the end of the period	1,114,135,904.69	1,000,479,479.18

Details of undistributed profits at the beginning of the adjustment period:

- 1) Due to the retrospective adjustment of the "Accounting Standards for Enterprises" and related new regulations, the undistributed profit at the beginning of the period was affected by RMB 0.00.
- 2) Due to changes in accounting policies, the undistributed profit at the beginning of the period was RMB 0.00.
- 3) Due to significant accounting error correction, the undistributed profit at the beginning of the period was RMB 0.00.
- 4) Due to changes in the scope of consolidation caused by the same control, the undistributed profit at the beginning of the period was RMB 0.00.
- 5) The total impact of other adjustments on the undistributed profit at the beginning of the period was RMB 0.00.

Details of using capital reserve to cover losses:

Not applicable

45. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	2,123,493,637.12	1,062,295,549.74	1,983,333,772.25	1,006,601,473.91
Other businesses	9,296,030.69	1,656,759.15	7,866,619.50	1,641,172.08
Total	2,132,789,667.81	1,063,952,308.89	1,991,200,391.75	1,008,242,645.99

The lowest of the Company's audited total profit, net profit, and net profit after deducting non-recurring profits and losses during the reporting period is negative.

Yes No

Breakdown information of operating revenue and operating costs:

Unit: RMB

Contract classification	Division 1		Division 2				Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type								
Including:								

Smart office					331,601,012.20	99,056,957.62	331,601,012.20	99,056,957.62
Smart space					1,591,817,912.13	827,410,480.06	1,591,817,912.13	827,410,480.06
Digital identity authentication					89,136,398.95	60,533,511.82	89,136,398.95	60,533,511.82
Smart business					66,955,688.17	51,700,091.97	66,955,688.17	51,700,091.97
Smart living					43,982,625.67	23,594,508.27	43,982,625.67	23,594,508.27
Other products					9,296,030.69	1,656,759.15	9,296,030.69	1,656,759.15
Classification by region of operation								
Including:								
Domestic sales					523,570,689.10	363,081,502.73	523,570,689.10	363,081,502.73
Overseas sales					1,609,218,978.71	700,870,806.16	1,609,218,978.71	700,870,806.16
Market or customer type								
Including:								
Distribution					1,436,407,854.82	793,553,448.15	1,436,407,854.82	793,553,448.15
Direct sales					687,085,782.30	268,742,101.59	687,085,782.30	268,742,101.59
Others					9,296,030.69	1,656,759.15	9,296,030.69	1,656,759.15
Type of contract								
Including:								
Classification by time of transfer of goods								
Including:								
Classification by contract term								
Including:								
Classification by sales channel								
Including:								
Total					2,132,789,667.81	1,063,952,308.89	2,132,789,667.81	1,063,952,308.89

Information related to performance obligations:

Item	Time for fulfilling performance obligations	Important payment terms	Nature of goods that the Company promises to transfer	Is it the main responsible person	Expected refunds to customers borne by the Company	Types of quality assurance provided by the Company and

						related obligations
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Other explanations:

Information related to the transaction price allocated to the remaining performance obligations:

The corresponding revenue amount for performance obligations that have been signed but have not yet been fulfilled or fully fulfilled at the end of this reporting period is RMB 0.00. Among them, RMB 0.00 is expected to be recognized as revenue in 2026, RMB 0.00 is expected to be recognized as revenue in 2027, and RMB 0.00 is expected to be recognized as revenue in 2028.

Information related to variable consideration in the contract:

46. Tax and surcharges

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	2,971,440.67	3,366,145.88
Education surcharge	1,759,430.03	1,992,030.65
Property tax	3,623,219.75	2,890,612.33
Land use tax	298,326.75	298,326.75
Stamp duty	1,278,583.08	2,022,481.18
Local education surcharges	1,172,953.25	1,328,020.39
Other taxes and fees for overseas companies	12,737,615.50	17,344,570.69
Others	14,622.20	23,591.85
Total	23,856,191.23	29,265,779.72

Other explanations:

47. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	57,907,183.91	50,417,534.06
Taxes	1,185,672.51	1,526,782.37
Office allowance	2,418,975.23	2,961,433.41
Depreciation and amortization	20,541,102.64	13,186,424.02
Business entertainment expenses	1,792,395.00	2,243,795.78
Repair fee	574,473.16	507,259.37
Travel expenses	1,757,370.21	2,077,900.81
Car expenses	1,085,915.75	1,289,240.53
Low value consumables	519,826.72	525,706.51
Agency fees	11,408,376.33	10,432,632.01
Communications fee	895,371.97	906,549.00
Depreciation and amortization of right-of-use assets	5,704,316.13	6,182,069.72
Share-based payments	3,012,676.95	1,561,471.90
Software usage fee	1,469,252.94	2,095,226.38
Others	21,675,312.24	21,645,515.52
Total	131,948,221.69	117,559,541.39

Other explanations:

48. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	283,621,308.05	281,002,689.08
Depreciation and amortization	8,275,366.15	4,656,990.00
Exhibition and conference fees	11,901,138.30	11,772,017.30
Maintenance and testing fees	4,686,534.80	3,879,142.09
Service fees and commissions	18,092,898.64	15,670,917.01
Rental expenses	6,547,362.77	4,260,261.42
Business entertainment expenses	3,656,999.13	4,487,589.73
Travel expenses	24,742,260.87	21,362,422.58
Office allowance	11,175,225.62	10,214,366.20
Insurance premium	5,875,777.55	6,161,940.88
Agency fees	14,592,881.77	14,284,822.42
Advertising expenses	25,004,182.65	22,326,499.72
Depreciation and amortization of right-of-use assets	16,628,361.96	17,701,344.47
Share-based payments	9,521,646.70	4,667,672.16
Software usage fee	3,951,525.87	3,539,639.57
Others	21,116,046.28	20,521,305.21
Total	469,389,517.11	446,509,619.84

Other explanations:

49. R&D expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	122,300,282.76	155,949,981.78
Depreciation and amortization	7,481,507.71	5,655,928.84
Office allowance	1,086,169.24	1,538,982.93
Travel expenses	2,752,535.96	3,765,461.40
R&D material costs	8,325,314.65	9,453,472.80
Software and technical service fees	25,873,509.18	18,927,297.70
Depreciation and amortization of right-of-use assets	1,706,103.48	2,766,889.14
Share-based payments	4,590,369.64	4,171,987.22
Others	10,492,317.49	13,240,989.59
Total	184,608,110.11	215,470,991.40

Other explanations:

50. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	3,257,528.29	3,871,915.67
Including: interest expenses on lease liabilities	2,955,317.61	3,598,354.76
Less: interest income	27,447,223.90	42,321,327.95
Exchange gains and losses	826,349.59	2,642,378.63
Handling charge expenditure	2,305,234.20	1,516,388.04
Others	43,034.06	16,824.47
Total	-21,015,077.76	-34,273,821.14

Other explanations:

51. Other income

Unit: RMB

Sources of other income generation	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies related to daily activities of the enterprise	3,564,408.77	6,728,971.26
Refund of individual income tax handling charges	247,010.14	256,046.97
Value added tax credit, etc.	7,734,510.26	11,382,571.60
Total	11,545,929.17	18,367,589.83

52. Gains from changes in fair value

Unit: RMB

Sources of gains from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Trading financial assets	15,102,322.02	14,859,953.45
Total	15,102,322.02	14,859,953.45

Other explanations:

53. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income accounted by equity method	-1,396,664.52	3,001,156.73
Investment income from disposal of long-term equity investment		-216,007.07

Investment income obtained from financial products	3,748,162.72	1,341,696.08
Forward foreign exchange settlement and sales contract	285,803.23	68,155.00
Total	2,637,301.43	4,195,000.74

Other explanations:

54. Losses from credit impairment

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt losses on accounts receivable	-20,628,934.95	-21,166,559.32
Bad debt losses on other receivables	-33,429.62	-40,415.71
Bad debt losses on long-term receivables	-391,515.93	
Total	-21,053,880.50	-21,206,975.03

Other explanations:

55. Losses from impairment of assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Inventory depreciation loss and contract performance cost impairment loss	-13,672,030.88	-7,571,805.79
II. Loss from long-term equity investment impairment	-1,155,606.35	0.00
III. Loss from goodwill impairment	-334,296.72	0.00
IV. Impairment loss from contract assets	70,173.64	-83,091.87
Total	-15,091,760.31	-7,654,897.66

Other explanations:

56. Gains from disposal of assets

Unit: RMB

Source of gains from disposal of assets	Amount incurred in the current period	Amount incurred in the previous period
Gain recognized on disposal of non-current assets not classified as held for sale	312,220.10	-653,718.36
Including: fixed assets	221,570.94	-458,532.59
Right-of-use assets	90,649.16	-195,185.77

57. Non-operating revenue

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profits and losses
Gains from impairment and retirement of non-current assets	580,675.53	8,883.21	580,675.53
Payment not required		4,029,526.74	
Penalty income	5,000.00	12,840.56	5,000.00
Others	1,348,864.99	1,494,075.79	1,348,864.99
Total	1,934,540.52	5,545,326.30	1,934,540.52

Other explanations:

58. Non-operating expenditure

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring profits and losses
External donations	913,830.39	2,666,843.49	913,830.39
Extraordinary losses	1,789,438.76	2,857,897.51	1,789,438.76
Asset retirement, damage and loss	1,508,966.63	262,103.90	1,508,966.63
Penalty expenses	172,878.28	24,762.04	172,878.28
Others	768,677.36	702,175.90	768,677.36
Total	5,153,791.42	6,513,782.84	5,153,791.42

Other explanations:

59. Income tax expenses**(1) Income tax expense statement**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expenses	32,639,339.62	26,862,324.29
Deferred income tax expenses	-7,703,205.84	-12,030,198.47
Total	24,936,133.78	14,832,125.82

(2) Accounting profit and income tax expense adjustment process

Unit: RMB

Item	Amount incurred in the current period
Total profits	270,283,277.55

Income tax expenses calculated based on statutory/applicable tax rates	40,542,491.63
The impact of different tax rates applicable to subsidiaries	2,391,939.81
The impact of adjusting previous period income tax	-2,823,483.50
The impact of non-taxable income	-5,390,561.34
The impact of non-deductible costs, expenses, and losses	2,440,624.53
The impact of deductible losses on unrecognized deferred income tax assets in the prior period of use	-3,117,502.04
The impact of deductible temporary differences or deductible losses on unrecognized deferred income tax assets in the current period	10,734,951.18
The impact of additional deductions on R&D expenses	-19,830,618.66
Salary paid for the placement of disabled individuals with additional deductions	-51,727.93
The impact of tax rate changes on the beginning deferred income tax	40,020.10
Income tax expenses	24,936,133.78

Other explanations:

None

60. Other comprehensive income

Please refer to Note VII 42. Other Comprehensive Income for details.

61. Cash flow statement items

(1) Cash relating to operating activities

Other cash received relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest income	38,838,328.80	50,495,974.97
Received government subsidies	3,509,137.49	6,295,463.08
Bill deposit	43,797,183.20	168,783,921.25
Current account	26,904,252.18	33,185,739.49
Restricted funds such as restricted guarantee deposit and funds in transit	8,347,044.04	7,461,401.81
Others	4,297,406.52	3,647,494.47
Total	125,693,352.23	269,869,995.07

Description of other cash received relating to operating activities:

Other cash paid relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Expense payment	246,857,080.21	235,671,385.20

Current account	23,498,308.72	25,853,763.88
Restricted funds such as restricted guarantee deposit and funds in transit	2,548,715.44	2,140,213.62
Bill deposit	88,842,208.64	117,403,463.32
Others	1,855,386.04	2,125,706.12
Total	363,601,699.05	383,194,532.14

Description of other cash paid relating to operating activities:

(2) Cash relating to investing activities

Other cash received related to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income from forward foreign exchange settlement and sales	285,803.23	
Total	285,803.23	

Significant cash received relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Time deposits and wealth management	3,116,396,276.42	1,651,510,021.30
Expiration of forward foreign exchange settlement	25,167,850.00	
Disposal of associates		273,552.36
Total	3,141,564,126.42	1,651,783,573.66

Description of other cash received relating to investing activities:

Other cash paid relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period

Significant cash paid relating to investing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Time deposits and wealth management	3,359,959,845.89	1,631,334,606.67
Purchase of forward foreign exchange settlement and sales	25,167,850.00	
Total	3,385,127,695.89	1,631,334,606.67

Description of other cash paid relating to investing activities:

(3) Cash relating to financing activities

Other cash received related to financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Receipt of bill discounting	155,653,238.16	
Equity incentive subscription funds	14,757,850.00	
Total	170,411,088.16	

Description of other cash received relating to financing activities:

Other cash paid in connection with financing activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Lease liability payment amount	28,741,514.67	32,270,943.96
Repayment of discounted bill proceeds	74,552,050.16	
Share repurchase		58,898,528.10
Total	103,293,564.83	91,169,472.06

Description of other cash paid relating to financing activities:

Information on changes in liabilities arising from financing activities

 Applicable Not applicable

Unit: RMB

Item	Beginning Balance	Increase in the current period		Decrease in the current period		Ending Balance
		Cash changes	Non cash changes	Cash changes	Non cash changes	
Short-term loan		155,653,238.16		74,552,050.16		81,101,188.00
Non-current liabilities due within one year	22,822,648.87		37,809,157.65	29,424,954.49	347,838.17	30,859,013.86
Long-term borrowings	7,021,328.89		8,670.61	97,530.44	6,792,597.98	139,871.08
Lease liabilities	29,108,076.76		23,146,086.37	269,647.24	26,614,441.53	25,370,074.36
Total	58,952,054.52	155,653,238.16	60,963,914.63	104,344,182.33	33,754,877.68	137,470,147.30

(4) Description of cash flows presented as net amount

Item	Related facts	Basis for reporting net amount	Financial impact
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(5) Significant activities and financial impacts that do not involve current cash inflows and outflows but affect the financial position of the enterprise or may affect the cash flow of the enterprise in the future

62. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Unit: RMB

Supplementary information	Amount in current period	Amount of previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	245,347,143.77	200,532,005.16
Plus: provision for asset impairment	36,145,640.81	28,861,872.69
Depreciation of fixed assets, consumption of oil and gas assets and productive biological assets	42,488,639.73	35,203,382.67
Depreciation of right-of-use assets	26,800,936.14	29,010,707.32
Amortization of intangible assets	6,181,393.08	4,082,151.69
Amortization of long-term deferred expenses	3,925,475.05	2,140,578.12
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	-312,220.10	653,718.36
Loss on retirement of fixed assets (gains expressed with "-")	928,291.10	253,220.69
Loss from changes in fair value (gains expressed with "-")	-15,102,322.02	-14,859,953.45
Financial expenses (gains expressed with "-")	4,083,877.88	6,514,294.30
Investment loss (gains expressed with "-")	-1,379,247.91	-589,995.31
Decrease of deferred income tax assets (increase expressed with "-")	2,455,372.01	-14,431,239.49
Increases of deferred tax liabilities (decrease expressed with "-")	-9,935,037.17	2,401,041.02
Decrease of inventory (increase expressed with "-")	-65,810,296.39	27,585,758.07
Decreases of operational receivables (increase expressed with "-")	-129,122,171.69	-69,488,680.66
Increases of operating accounts payable (decrease expressed with "-")	217,025,547.86	-20,743,580.37
Others	18,752,008.66	11,211,302.24
Net cash flows from operating activities	382,473,030.81	228,336,583.05
2. Major investment and financing activities not relating to cash deposit and withdrawal		
Conversion of debt into capital		
Convertible corporate bonds due within one year		

Fixed assets under financing lease	27,195,458.92	43,908,657.41
3. Net change of cash and cash equivalents:		
Ending balance of cash	1,085,719,132.48	1,214,344,327.43
Less: beginning balance of cash	1,214,344,327.43	1,317,020,553.02
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-128,625,194.95	-102,676,225.59

(2) Net cash paid for acquiring subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents paid for business merger in the current period	208,175,000.00
Including:	
Shenzhen Longzhiyuan Technology Co., Ltd.	208,175,000.00
Less: cash and cash equivalents held by the Company on the date of acquisition	125,897,742.45
Including:	
Shenzhen Longzhiyuan Technology Co., Ltd.	125,897,742.45
Including:	
Net cash paid for acquiring subsidiaries	82,277,257.55

Other explanations:

(3) Net cash received from disposal of subsidiaries in the current period

Other explanations:

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Ending Balance	Beginning Balance
I. Cash	1,085,719,132.48	1,214,344,327.43
Including: Cash on hand	733,770.10	772,216.84
Bank deposit available for payment at any time	1,079,578,105.11	1,212,348,031.02
Other monetary funds available for payment at any time	5,407,257.27	1,224,079.57

III. Ending balance of cash and cash equivalents	1,085,719,132.48	1,214,344,327.43
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(5) Information on reporting assets with limited scope of use but still classified as cash and cash equivalents

Unit: RMB

Item	Amount in current period	Amount of previous period	Reasons for still being classified as cash and cash equivalents
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(6) Monetary funds that do not belong to cash and cash equivalents

Unit: RMB

Item	Amount in current period	Amount of previous period	Reasons for not being classified as cash and cash equivalents
Principal of time deposits and outstanding interest receivable	67,976,233.60	211,146,874.14	Please refer to the note in Note VII 1 Monetary funds.
Bank Acceptance Bill Margin	86,849,030.32	45,703,490.78	Not available for use at any time
Funds in transit	2,465,563.17	2,140,213.62	Not actually credited to the account
Other restricted funds	109,451.66		Not available for use at any time
Total	157,400,278.75	258,990,578.54	

Other explanations:

63. Notes to items in the statement of changes in owner's equity

Explain the names and adjusted amounts of "other" items that have been adjusted to the ending balance of the previous year:

None

64. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Ending foreign currency balance	Conversion rate	Ending equivalent RMB Balance
Monetary funds			925,237,224.99
Including: USD	113,872,286.48	7.0288	800,385,527.22
EUR	4,183,560.96	8.2355	34,453,716.29
HKD	2,588,688.14	0.9032	2,338,154.90
GBP	186,963.01	9.4346	1,763,921.21
MYR	2,702,220.75	1.7319	4,680,061.57
INR	26,247,596.90	0.0783	2,055,130.99
COP	400,293,206.70	0.0019	746,224.79

MXN	3,666,878.39	0.3899	1,429,637.95
PEN	15,078.19	2.0899	31,511.19
TRL	3,407,872.77	0.1631	555,972.57
ZAR	34,183,080.01	0.4224	14,440,300.78
THB	17,311,567.74	0.2225	3,852,151.26
AED	19,440,537.93	1.9071	37,074,791.99
IDR	11,960,277,337.87	0.0004	4,992,268.57
CLP	247,137,269.00	0.0078	1,929,283.28
ARS	127,827,976.68	0.0048	618,999.16
RUB	1,590,132.25	0.0881	140,015.87
UYU	2.00	0.1795	0.36
KRW	284,755,866.00	0.0049	1,383,989.63
BRL	681,636.27	1.2832	874,644.70
SGD	472,685.24	5.4586	2,580,199.65
KES	1,512,488.86	0.0545	82,474.64
PYG	878,000.00	0.0011	940.04
NGN	38,960,609.71	0.0048	188,232.53
VND	8,179,974,523.00	0.0003	2,189,050.25
AUD	1,298.96	4.6892	6,091.08
JPY	108,089,859.24	0.0448	4,842,101.42
DZD	11,400.00	0.0543	618.77
RSD	110.00	0.0704	7.74
MAD	109,879.48	0.7709	84,701.95
EGP	149,390.98	0.1473	22,004.18
CAD	48,799.61	5.1142	249,570.97
PLN	220,083.27	1.9497	429,104.23
SAR	436,726.51	1.868	815,823.26
Accounts receivable			751,397,564.43
Including: USD	86,652,290.34	7.0288	609,061,618.34
EUR	2,027,135.75	8.2355	16,694,476.47
HKD	449.00	0.9032	405.55
AED	24,498,084.41	1.9071	46,719,971.79
MXN	41,013,953.43	0.3899	15,990,468.80
INR	136,681,505.26	0.0783	10,701,871.05
THB	47,435,992.98	0.2225	10,555,405.65
KRW	1,101,545,991.00	0.0049	5,353,807.98
BRL	2,090,669.96	1.2832	2,682,652.73
ZAR	14,067,557.59	0.4224	5,942,699.22
JPY	69,046,503.89	0.0448	3,093,076.23
CLP	427,787,685.00	0.0078	3,339,535.28
SGD	38,848.38	5.4586	212,057.77
MYR	1,500,634.79	1.7319	2,598,996.85
TRL	8,359,759.99	0.1631	1,363,841.18
COP	1,293,506,568.70	0.0019	2,411,349.13
NGN	476,179,510.88	0.0048	2,300,592.20
IDR	19,023,412,718.70	0.0004	7,940,450.09
VND	782,626,875.00	0.0003	209,439.47
ARS	14,382,338.13	0.0048	69,645.59
RUB	148,260.00	0.0881	13,054.73
PLN	1,538,002.28	1.9497	2,998,698.12
GBP	113,913.52	9.4346	1,074,728.50
CAD	13,378.21	5.1142	68,418.85
SEK	397.62	0.7617	302.86
Other receivables			31,732,946.06
Including: USD	3,210,842.75	7.0288	22,568,371.55

THB	2,534,800.00	0.2225	564,040.94
INR	17,337,243.14	0.0783	1,357,469.25
MXN	2,940,313.93	0.3899	1,146,365.91
EUR	71,160.96	8.2355	586,046.09
COP	64,582,355.12	0.0019	120,394.14
JPY	11,155,696.00	0.0448	499,741.71
BRL	342,486.71	1.2832	439,463.39
KRW	86,337,000.00	0.0049	419,620.90
AED	142,231.96	1.9071	271,248.68
CLP	49,722,129.00	0.0078	388,157.05
SGD	61,767.86	5.4586	337,166.04
PLN	97,501.49	1.9497	190,102.15
MYR	61,348.57	1.7319	106,251.53
VND	7,311,991,328.39	0.0003	1,956,768.50
NGN	16,178,432.94	0.0048	78,163.75
ARS	14,930,626.52	0.0048	72,300.65
RUB	87,000.00	0.0881	7,660.61
ZAR	102,353.73	0.4224	43,238.31
KES	455,000.00	0.0545	24,810.74
SAR	15,145.00	1.8680	28,291.49
IDR	70,027,600.00	0.0004	29,229.81
EGP	123,056.00	0.1473	18,125.23
HK\$	151,188.00	0.9032	136,556.03
PHP	180,000.00	0.1195	21,509.97
MMK	5,450,000.00	0.0033	18,241.41
BDT	2,072,168.75	0.0572	118,557.96
XOF	14,757,690.00	0.0125	185,052.27
Accounts payable			133,356,965.07
Including: USD	17,000,154.39	7.0288	119,490,685.18
THB	7,087,720.38	0.2225	1,577,151.84
INR	9,213,704.86	0.0783	721,413.49
MXN	16,337,517.04	0.3899	6,369,650.68
EUR	49,997.04	8.2355	411,750.62
COP	8,212,192.59	0.0019	15,309.13
BRL	306,563.48	1.2832	393,368.33
AED	49,867.71	1.9071	95,102.05
CLP	63,681,662.00	0.0078	497,132.49
MAD	7,460.00	0.7709	5,750.63
MYR	7,541.90	1.7319	13,062.06
VND	1,778,352,153.32	0.0003	475,906.40
NGN	25,538,804.10	0.0048	123,387.03
ARS	5,038,445.73	0.0048	24,398.37
RUB	3,820.12	0.0881	336.37
ZAR	673,675.58	0.4224	284,587.52
TRL	5,268.85	0.1631	859.58
IDR	6,477,958,567.00	0.0004	2,703,926.34
GBP	16,236.72	9.4346	153,186.96
Other payables			30,712,981.03
Including: USD	3,741,664.37	7.0288	26,299,410.50
THB	2,660,993.05	0.2225	592,121.28
INR	1,202,278.07	0.0783	94,135.81
MXN	295,529.17	0.3899	115,220.54
EUR	77,890.16	8.2355	641,464.42
JPY	1,723,121.00	0.0448	77,190.65
KRW	30,880,247.72	0.0049	150,086.26
CLP	58,372,181.00	0.0078	455,683.89

SGD	1,617.97	5.4586	8,831.85
MAD	49,321.09	0.7709	38,019.77
PLN	37,906.58	1.9497	73,907.82
MYR	19,237.73	1.7319	33,318.43
VND	4,732,393,812.39	0.0003	1,266,440.12
NGN	48,173,050.31	0.0048	232,741.10
ARS	6,303,947.54	0.0048	30,526.48
RUB	310.80	0.0881	27.37
ZAR	2,407.74	0.4224	1,017.13
KES	966,978.51	0.0545	52,728.46
TRL	60,796.29	0.1631	9,918.52
EGP	2,104,991.11	0.1473	310,049.49
HK\$	58,520.22	0.9032	52,856.63
MMK	106,355.57	0.0033	355.98
CAD	644.10	5.1142	3,294.06
GBP	18,404.01	9.4346	173,634.47
Long-term borrowings			139,871.09
Including: USD			
EUR			
HKD			
MYR	53,078.21	1.7319	91,927.83
ZAR	113,491.29	0.4224	47,943.26

Other explanations:

(2) Description of overseas operating entities, including for important overseas operating entities, disclosure of their main overseas operating location, recording currency, and selection basis. Reasons for changes in the recording currency should also be disclosed.

Applicable Not applicable

1. Description of overseas operational entity

Name	Main business place	Recording currency	Selection basis
ZKTECO CO., LIMITED	Hong Kong	USD	Sales and procurement are mainly priced in USD
ARMATURA TECH CO.,LTD	Thailand	THB	Currency used in the place of operation
ZKTECO SECURITY L.L.C	Dubai	AED	Currency used in the place of operation
ZKTECO EUROPE SL	Spain	EUR	Currency used in the place of operation
ZK TECHNOLOGY LLC	America	USD	Currency used in the place of operation
ZKTECO USA LLC	America	USD	Currency used in the place of operation
ZKTECO BIOMETRICS INDIA PRIVATE LIMITED	India	INR	Currency used in the place of operation
ZKTECO PANAMA ,S.A.	Panama	USD	Sales and procurement are mainly priced in USD

ZKTECO LATAM, S.A DE C.V.	Mexico	MXN	Currency used in the place of operation
ZK INTELLIGENT SOLUTIONS (PTY) LTD	South Africa	ZAR	Currency used in the place of operation
NGTECO CO.,LIMITED	Hong Kong	USD	Sales and procurement are mainly priced in USD
Haofan Technology Co., Ltd.	Hong Kong	RMB	Sales and procurement are mainly priced in RMB

65. Lease

(1) The Company as lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Simplified rental fees for short-term leases or low value asset leases

Applicable Not applicable

- For the original book value, accumulated depreciation, and impairment provisions for various right-of-use assets, refer to Note VII 17 Right-of-use assets.

- Interest expenses on lease liabilities

Item	Amount in the Current Period
Interest on lease liabilities included in financial expenses	2,955,317.61

- Simplified rental fees for short-term leases or low value asset leases

Item	Amount in the Current Period
Short-term lease fee	4,291,938.70
Low-value asset lease fee	3,004,446.97
Total	7,296,385.67

- Total cash outflows related to the lease

Item	Amount in the Current Period
Cash paid for repayment of principal and interest on lease liabilities	28,741,514.67
Simplified short-term lease payments and low-value asset lease payments made	7,296,385.67

Total	36,037,900.34
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5. For the maturity analysis of lease liabilities and the management of related liquidity risk, refer to Note XII 3 Liquidity risk.

Sale and leaseback transactions

None

(2) The Company as lessor

Operating lease as the lessor

Applicable Not applicable

Unit: RMB

Item	Rental income	Including: revenue related to variable lease payments not included in lease receivables
Houses and buildings	4,973,227.25	
Total	4,973,227.25	

Financing lease as the lessor

Applicable Not applicable

Undiscounted lease receivables for each of the next five years

Applicable Not applicable

Unit: RMB

Item	Annual undiscounted lease receivables	
	Closing amount	Opening amount
1st year	4,233,691.26	3,007,244.72
2nd year	3,120,329.53	2,861,997.32
3rd year	2,945,250.85	2,906,646.62
4th year	2,794,474.94	2,836,497.96
5th year	2,786,532.72	2,786,532.77
Total undiscounted lease receivables after five years	4,179,799.08	6,966,331.93

Reconciliation table of undiscounted lease receivables and net investment in leases

(3) Gains or losses from finance lease sales recognized as a manufacturer or dealer

Applicable Not applicable

66. Others

VIII. R&D expenditures

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll	122,300,282.76	155,949,981.78
Depreciation and amortization	7,481,507.71	5,655,928.84
Office allowance	1,086,169.24	1,538,982.93
Travel expenses	2,752,535.96	3,765,461.40
R&D material costs	8,325,314.65	9,453,472.80
Software and technical service fees	25,873,509.18	18,927,297.70
Depreciation and amortization of right-of-use assets	1,706,103.48	2,766,889.14
Share-based payments	4,590,369.64	4,171,987.22
Others	10,492,317.49	13,240,989.59
Total	184,608,110.11	215,470,991.40
Including: Expensed R&D expenditures	184,608,110.11	215,470,991.40
Capitalized R&D expenditures	0.00	0.00

IX. Changes to the scope of consolidation

1. Business merger not under common control

(1) Business merger not under common control in the current period

Unit: RMB

Name of the acquiree	Time point for equity acquisition	Cost for equity acquisition	Percentage of acquired equity	Means for equity acquisition	Acquisition date	Determination basis for acquisition date	Revenue of the acquiree from the acquisition date to the end of term	Net profit of the acquiree from the acquisition date to the end of term	Cash flow of the acquiree from the date of acquisition to the end of term
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	November 18, 2025	416,350,000.00	55.00%	Purchase	November 18, 2025	Date of obtaining control over the target company	44,651,064.61	7,802,920.54	15,500,616.41

Other explanations:

According to the 22nd Session of the Third Board Meeting of the Company, the Company signed the "Equity Acquisition Agreement" with Yu Mengchu, Li Weihua, Chengtian Limited, Longdingxing, Longjuxin, Longhexin, Longyixin, Wolonghui, and Li Weixiong on October 17, 2025. The Company acquired 55% equity of Shenzhen Longzhiyuan Technology Co., Ltd. collectively held by Yu Mengchu, Li Weihua, Chengtian Limited, Longdingxing, Longjuxin, Longhexin, Longyixin, Wolonghui, and Li Weixiong for RMB 416,350,000. The Company had paid 50% of the equity transfer payment, RMB 208,175,000, by December 31, 2025. Shenzhen Longzhiyuan Technology Co., Ltd. completed the industrial and commercial change registration procedures on November 18, 2025. Concurrently, the new Board of Directors of Shenzhen Longzhiyuan Technology Co., Ltd. was established on November 18, 2025. In the new Board of Directors, the directors dispatched by the Company constituted a majority, and the Company obtained de facto control over the Company on November 18, 2025. For easier accounting, it was included in the scope of the consolidated financial statements from December 1, 2025.

(2) Merger costs and goodwill

Unit: RMB

Merger costs	Shenzhen Longzhiyuan Technology Co., Ltd.
--Cash	416,350,000.00
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of equity securities issued	
-- Fair value of contingent consideration	
-- Fair value of equity(held prior to acquisition date) on acquisition date	
--Others	
Merger cost in total	416,350,000.00
Less: fair value shares of obtained net identifiable assets	177,460,142.44
The amount of goodwill/merger cost less than the fair value share of identifiable net assets obtained	238,889,857.56

Determination method of fair value of merger costs:

After Tianyuan Asset Appraisal Co., Ltd. appraised 100% shareholder's equity of Longzhiyuan as of March 31, 2025 (Tianyuan Appraisal Report No. [2025] 0998), the appraised value of shareholder's equity determined by the income approach was RMB 757,400,000.00. Based on this, all parties to the transaction negotiated and determined 55% shareholder's equity of Longzhiyuan to be RMB 416,350,000.00. The cash consolidation consideration paid this time was RMB 416,350,000.00, and the consolidation cost was recognized accordingly.

Description of contingent consideration and its changes

Not applicable

Main reasons for the formation of significant goodwill:

The Company acquired 55.00% equity of Shenzhen Longzhiyuan Technology Co., Ltd. at a consolidation cost of RMB 416,350,000.00. The excess of the consolidation cost over the fair value of the identifiable net assets attributable to the acquired equity percentage, amounting to RMB 238,889,857.56, was recognized as goodwill related to the acquisition of Shenzhen Longzhiyuan Technology Co., Ltd.'s equity.

Other explanations:

(3) The identifiable assets and liabilities of the acquiree on the date of acquisition

Unit: RMB

	Shenzhen Longzhiyuan Technology Co., Ltd.	
	Fair value on the acquisition date	Book value at the acquisition date
Asset:		
Monetary funds	140,022,195.03	140,022,195.03
Accounts receivable	47,941,831.76	47,941,831.76
Inventories	81,679,980.04	74,529,300.02
Fixed assets	3,699,316.05	2,425,993.45

Intangible assets	173,149,550.00	736,705.39
Prepayments	3,203,912.78	3,203,912.78
Other receivables	27,183,221.91	27,183,221.91
Other current assets	1,924,443.15	1,924,443.15
Construction in progress	274,517.52	274,517.52
Right-of-use assets	15,045,459.80	15,045,459.80
Long-term deferred expenses	1,104,745.36	1,104,745.36
Deferred income tax assets	2,528,512.68	2,528,512.68
Liabilities:		
Borrowing		
Payables	103,780,230.04	103,780,230.04
Deferred tax liabilities	27,196,610.51	0.00
Notes payable	7,595,092.69	7,595,092.69
Contract liabilities	12,681,806.37	12,681,806.37
Payroll payable	3,780,523.84	3,780,523.84
Taxes payable	9,602,897.70	9,602,897.70
Non-current liabilities due within one year	2,137,317.03	2,137,317.03
Other current liabilities	608,982.60	608,982.60
Other payables	4,710,900.64	4,710,900.64
Lease liabilities	3,008,520.23	3,008,520.23
Net assets	322,654,804.43	169,014,567.71
Minus: Minority interests	145,194,661.99	
Acquired net asset	177,460,142.44	

Determination method for fair value of identifiable assets and liabilities:

The fair value of identifiable assets and liabilities of Shenzhen Longzhiyuan Technology Co., Ltd. is determined based on the valuation results by Tianyuan Asset Appraisal Co., Ltd. using the asset-based approach.

Contingent liabilities of the acquiree assumed in a business combination:

Other explanations:

(4) Gains or losses arising from remeasuring equity held before the date of acquisition at fair value

Is there any transaction that achieves business merger through multiple transactions and obtains control during the reporting period

Yes No

2. Disposal of subsidiaries

Were there any transactions or events during this period that resulted in the loss of control over subsidiaries?

Yes No

Is there a situation where the Company has disposed of its investment in a subsidiary through multiple transactions in steps and lost control over the subsidiary during the current period?

Yes No

3. Changes in consolidation scope for other reasons

Description of changes in the scope of consolidation caused by other reasons (for example, establishing new subsidiaries, liquidating subsidiaries, etc.) and their related situations:

S/N	Company Name	Establishment Date	Registered Capital	Shareholding ratio (%)	Reason for Change
1	ZKTECO ROMANIA S.R.L.	September 8, 2022	250. RON	100%	Cancellation
2	NUR ALTTKNWLWJIA COMPANY	August 14, 2025	5625000. SAR	60%	New establishment

Note 1: On April 23, 2025, ZKTECO ROMANIA S.R.L. completed its company deregistration.

4. Others

X. Equity in other entities

1. Equity in subsidiaries

(1) Composition of the enterprise group

Unit: RMB

Name of Subsidiaries	Registered Capital	Main business place	Registration place	Nature of business	Percentage of shares		Acquisition method
					Direct	Indirect	
1. Xiamen Zkteco Biometric Identification Technology Co., Ltd.	38,500,000.00	Xiamen	Xiamen	Software development	100.00%		Acquisition
2. Shenzhen ZKTeco Biometric Identification Technology Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Sales of goods	100.00%		Acquisition
2.1.ZK INVESTMENTS INC.	100.00 ¹	America	America	Investment		100.00%	Establishment
2.1.1.ZK TECHNOLOGY LLC	Not applicable	America	America	Sales of goods		76.92%	Establishment
3. ZKTeco Sales Co., Ltd.	50,000,000.00	Dongguan	Dongguan	Sales of goods	100.00%		Establishment
4. Hangzhou ZKTeco Hanlian E-commerce Co., Ltd.	2,000,000.00	Hangzhou	Hangzhou	E-commerce	100.00%		Establishment
5. ZKCserv Technology Limited Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Software development	51.00%		Establishment
6. Dalian ZKTeco Co., Ltd.	3,000,000.00	Dalian	Dalian	Software development and sales	100.00%		Establishment
7. Xiamen ZKTeco Co., Ltd.	100,000,000.00	Xiamen	Xiamen	Software development and sales	100.00%		Establishment

7.1.ZKTECO VIETNAM TECHNOLOGY COMPANY LIMITED	4,550,000,000.00 ²³	Vietnam	Vietnam	Sales of goods		100.00%	Establishment
8. ZKTeco (Guangdong) Co., Ltd.	800,000,000.00	Dongguan	Dongguan	Production and sales of goods		100.00%	Establishment
9. Xi'an ZKTeco Co., Ltd.	1,060,000.00	Xi'an	Xi'an	Sales of goods		100.00%	Acquisition
10. ZKTeco Cloud Brain-Computer (Hangzhou) Technology Co., Ltd.	20,000,000.00	Hangzhou	Hangzhou	Software development		100.00%	Establishment
11. ZKTECO CO., LIMITED	15,000,000.00 ¹	Hong Kong, China	Hong Kong, China	Sales of goods		100.00%	Establishment
11.1.ZKTECO TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED SIRKETI.	1,200,000.00 ¹⁷	Turkey	Turkey	Sales of goods		90.26%	Establishment
11.2.ZKTECO LATAM, S.A. DE C.V.	4,426,000.00 ⁸	Mexico	Mexico	Sales of goods		100.00%	Establishment
11.3.ZK SOFTWARE DE MEXICO,S.A.DEC.V.	3,748,688.00 ⁸	Mexico	Mexico	Sales of goods		100.00%	Establishment
11.4.ZKTECO COLOMBIA SAS	968,393,000.00 ⁷	Columbia	Columbia	Sales services		100.00%	Establishment
11.5.ZKTECO (M) SDN.BHD.	1,000,000.00 ²⁰	Malaysia	Malaysia	Sales of goods		51.00%	Acquisition
11.6.ZKTECO BIOMETRICS INDIA PRIVATE LIMITED	132,765,240.00 ¹⁶	India	India	R&D and sales of goods		99.15%	Establishment
11.7.ZKTECO EUROPE SL	658,600.00 ²	Spain	Spain	Sales of goods		80.12%	Acquisition
11.7.1.ZKTECO IRELAND LIMITED	60,000.00 ²	Ireland	Ireland	Sales services		80.12%	Establishment
11.7.2.ZKTeco Deutschland GmbH	100,000.00 ²	Germany	Germany	Sales of goods		80.12%	Establishment
11.7.3.ZKTECO ITALIAS.R.L.	350,000.00 ²	Italy	Italy	Sales of goods		75.54%	Establishment
11.7.4.ZKTECO UK LTD	1,500,000.00 ³	UK	UK	Sales of goods		80.12%	Establishment
11.7.5.ZKTeco Polska Sp. z o.o.	2,131,500.00 ¹¹	Poland	Poland	Sales of goods		80.12%	Establishment
11.8.ZKTECO PERU SOCIEDAD ANONIMA CERRADA	1,274,336.00 ²²	Peru	Peru	Sales services		100.00%	Acquisition
11.9.ZKTECO THAI CO.,LTD.	10,000,000.00 ⁵	Thailand	Thailand	Sales of goods		99.80%	Acquisition
11.10.ZKTeco Chile SpA	146,370,000.00 ⁹	Chile	Chile	Sales services		100.00%	Establishment
11.10.1.SOLUCIONES INTEGRALES Y SISTEMAS SpA	60,000,000.00 ⁹	Chile	Chile	Sales services		100.00%	Establishment
11.11.ZKTECO SECURITY L.L.C	300,000.00 ¹⁴	Dubai	Dubai	Sales of goods		100.00%	Acquisition
11.12.ZKTECO ARGENTINA S.A.	4,000,000.00 ²⁶	Argentina	Argentina	Sales of goods		98.00%	Acquisition
11.13. Limited Liability Company "ZKTeco biometrics and security"	17,850,554.80 ¹⁸	Russia	Russia	Sales of goods		100.00%	Establishment

11.14.ZKTECO Investment Inc.	80,000.00 ¹	America	America	Investment		100.00%	Establishment
11.14.1.ZKTECO USA LLC	Not applicable	America	America	Sales of goods		80.00%	Establishment
11.14.4.ARMATURA LLC	Not applicable	America	America	Sales of goods		100.00%	Establishment
11.14.5.RALVIE AI INC.	10,000.00 ¹	Canada	Canada	R&D and sales of goods		100.00%	Establishment
11.15. PT. ZKTECO BIOMETRICS INDONESIA	2,657,200,000.00 ⁶	Indonesia	Indonesia	Sales of goods		95.00%	Establishment
11.16. ZK INVESTIMENTOS DO BRASIL LTDA.	611,440.00 ¹⁰	Brazil	Brazil	Investment		99.68%	Acquisition
11.16.1 ZKTECO DO BRASIL S.A.	1,085,403.06 ¹⁰	Brazil	Brazil	Sales of goods		74.76%	Acquisition
11.17.NGTECO CO.,LIMITED	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		100.00%	Establishment
11.18. ZKTECO BIOMETRIC LIMITED	100,000,000.00 ¹⁵	Nigeria	Nigeria	Sales of goods		60.00%	Establishment
11.19. ZKTECO PANAMA, S.A.	360,000.00 ¹	Panama	Panama	Sales of goods		99.86%	Establishment
11.20. ZK INTELLIGENT SOLUTIONS (PTY) LTD	Not applicable	South Africa	South Africa	Sales of goods		100.00%	Establishment
11.21. ZKTECO BIOMETRICS KENYA LIMITED	10,910,000.00 ¹²	Kenya	Kenya	Sales services		100.00%	Establishment
11.22 ZKTECO BUSINESS SOLUTIONS COMPANY	1,000,000.00 ¹⁹	Saudi Arabia	Saudi Arabia	Sales services		100.00%	Establishment
11.23 NUR ALTKNWLWJIA COMPANY	5,625,000.00 ¹⁹	Saudi Arabia	Saudi Arabia	Production and sales of goods		60.00%	Establishment
11.24 Armatura Co.,Ltd.	118,960,000.00 ²⁴	Korea	Korea	Sales of goods		90.00%	Acquisition
11.25 ZKTeco Japan Co.,Ltd.	100,000,000.00 ²⁵	Japan	Japan	Sales of goods		100.00%	Establishment
12. Hubei ZKTeco Co., Ltd.	10,000,000.00	Wuhan	Wuhan	Sales of goods	100.00%		Establishment
13. Wuhan ZKTeco Perception Technology Co., Ltd.	1,000,000.00	Wuhan	Wuhan	Sales of goods		51.00%	Establishment
14. ZKTECO SG INVESTMENT PTE. LTD.	1,000,000.00 ¹	Singapore	Singapore	Investment	100.00%		Establishment
14.1. ZKTECO SINGAPORE PTE. LTD.	500,000.00 ²⁷	Singapore	Singapore	Sales of goods		100.00%	Establishment
14.2. ARMATURA TECH CO.,LTD.	602,983,200.00 ⁵	Thailand	Thailand	Production and sales of goods		99.99%	Acquisition
14.3. ZKDIGIMAX PTE. LTD.	20,000,000.00 ¹	Singapore	Singapore	Sales of goods		80.00%	Establishment
14.3.1. ZKDIGIMAX PANAMA, S.A.	10,000.00 ¹	Panama	Panama	Sales of goods		80.00%	Establishment
14.3.2. ZKDIGIMAX COLOMBIA SAS	10,000,000.00 ⁷	Columbia	Columbia	Sales of goods		80.00%	Establishment
14.3.3.ZKDIGIMAX(PTY)	Not applicable	South Africa	South Africa	Sales of		80.00%	Establishment

LTD				goods			
14.3.4. PT. ZKDIGIMAX EXCEL NOBLE	10,010,000,000.00 ⁶	Indonesia	Indonesia	Sales of goods		56.00%	Establishment
14.3.5 ZKTeco Yunlian (Xiamen) Technology Co., Ltd.	300,000.00 ¹	Xiamen	Xiamen	Sales of goods	20.00%	80.00%	Establishment
14.3.6. ZK TECHNOLOGY MOROCCO	1,515,000.00 ¹³	Morocco	Morocco	Sales services		100.00%	Establishment
14.3.7 ZKTECO EGYPT LLC	120,000.00 ¹	Egypt	Egypt	Sales services		100.00%	Establishment
15. Shenzhen Longzhiyuan Technology Co., Ltd.	30,231,030.00	Shenzhen	Shenzhen	Production and sales of goods	55.00%		Acquisition
15.1 Shenzhen Wojiaobao Intelligent Technology Co., Ltd.	1,000,000.00	Shenzhen	Shenzhen	Sales of goods		55.00%	Acquisition
15.2 Wohome Technology Co., Ltd.	1,000,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.1 Technos Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.2 Haosong Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.3 Haofan Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.3.1 RICHFULL COMPANY LIMITED	500,000.00 ¹	Vietnam	Vietnam	Production and sales of goods		55.00%	Acquisition
15.2.4 OPTICSLIFE INC	1,000.00 ¹	America	America	Sales of goods		55.00%	Acquisition
15.2.5 Wotong Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.6 LONGZY PET.LTD	100,000.00 ¹	Singapore	Singapore	Investment		55.00%	Acquisition
15.2.7 Woze Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.7.1 Tonghao Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.7.2 Zechen Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.7.3 Shanxing Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition
15.2.7.4 Teyu Technology Co., Ltd.	10,000.00 ⁴	Hong Kong, China	Hong Kong, China	Sales of goods		55.00%	Acquisition

Notes:

1. USD
2. EUR
3. GBP
4. HKD
5. THB
6. IDR
7. COP
8. MXN

9. CLP
10. BRL
11. PLN
12. KES
13. MAD
14. AED
15. NGN
16. Rs
17. TRL
18. RUB
19. SAR
20. MYR
22. PEN
23. VND
24. KRW
25. JPY
26. ARS
27. SGD

Description of the fact that shareholding percentage is different from the proportion of voting rights in the subsidiaries:

Not applicable

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

Not applicable

For important structured entities included in the consolidation scope, the basis for control is:

Not applicable

Basis for determining whether the Company is an agent or principal:

Not applicable

Other explanations:

Not applicable

(2) Important partly-owned subsidiaries

Unit: RMB

Name of Subsidiaries	Minority shareholding ratio	Profit and loss attributable to minority shareholders in current period	Dividends declared for distribution to minority shareholders in the current period	Closing balance of minority interests
ZK TECHNOLOGY LLC	23.08%	28,963,263.66	25,700,843.08	10,445,491.88
Shenzhen Longzhiyuan	45.00%	3,511,314.24		149,044,232.29

Technology Co., Ltd.				
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Description of the fact that shareholding percentage is different from the proportion of voting rights for minority shareholders in the subsidiaries:

Other explanations:

(3) Main financial information of important partly-owned subsidiaries

Unit: RMB

Name of Subsidiaries	Ending Balance						Beginning Balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
ZK TECHNOLOGY LLC	89,942,491.04	3,452,252.48	93,394,743.52	53,990,104.25	1,896,837.80	55,886,942.05	70,297,290.30	1,700,956.02	71,998,246.32	44,197,796.74	390,771.06	44,588,567.80
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	290,817,153.30	194,978,224.91	485,795,378.21	124,981,030.75	29,604,942.38	154,585,973.13						

Unit: RMB

Name of Subsidiaries	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
ZK TECHNOLOGY LLC	183,159,174.37	96,544,212.19	95,767,599.87	106,445,035.35	142,360,759.61	69,005,127.60	69,401,711.46	76,067,028.49
Shenzhen Longzhiyuan Technology Co., Ltd. and its subsidiaries	44,651,064.61	7,802,920.54	7,821,075.99	15,500,616.41				

Other explanations:

2. Transactions resulting in change of owners' equity in subsidiaries and the subsidiaries still being under control

(1) Change of owners' equity in subsidiaries

1) The shareholders of ZKTECO ARGENTINA S.A., a subsidiary of the Company, are ZKTECO CO., LIMITED and Marcelo Alfredo Sosa, with ZKTECO CO., LIMITED holding 24,000 shares (60% equity stake) and Marcelo Alfredo Sosa holding 16,000 shares (40% equity stake).

On June 6, 2025, Marcelo Alfredo Sosa transferred 800 shares of ZKTECO ARGENTINA S.A. to Lorenzo Antonio HERNANDEZ JAIMES, and the remaining 15,200 shares to ZKTECO CO., LIMITED. Following the transfer, the equity stake of ZKTECO CO., LIMITED in ZKTECO ARGENTINA S.A. was changed to 98%, and that of Lorenzo Antonio HERNANDEZ JAIMES in ZKTECO ARGENTINA S.A. was 2%. The agreed price for this share transaction was 1,600,000.00 Pesos, of which ZKTECO CO., LIMITED paid ARS 1,520,00.00 to Marcelo Alfredo Sosa, and Lorenzo Antonio HERNANDEZ JAIMES paid ARS 80,000 to Marcelo Alfredo Sosa. As of December 31, 2025, ZKTECO CO., LIMITED has completed the payment.

2) The shareholders of ZKTECO EUROPE SL, a subsidiary of the Company, are ZKTECO CO., LIMITED and Fernando Ducay Real, with ZKTECO CO., LIMITED holding 4,076 shares (75.69% equity stake) and Fernando Ducay Real holding 1,309 shares (24.31% equity stake).

On January 6, 2025, ZKTECO CO., LIMITED increased its capital by USD 2,598,001.12. Following the capital increase, the equity stake of ZKTECO CO., LIMITED in ZKTECO EUROPE SL was changed to 80.12%, and that of Fernando Ducay Real in ZKTECO EUROPE SL was 19.88%. As of December 31, 2025, ZKTECO CO., LIMITED has completed the payment.

(2) Effect of transactions on minority interests and owners' equity attributable to the parent company

Unit: RMB

	ZKTECO ARGENTINA S.A.
Acquisition cost/disposal consideration	
--Cash	9,157.21
-- Fair value of non-cash assets	
Total cost/disposal consideration	9,157.21
Less: Net assets of the subsidiaries calculated based on the proportion of assets acquired/disposed	-487,392.21
Difference	496,549.42
Including: Adjustment to the capital reserves	496,549.42
Adjustment to surplus reserve	
Adjustment to undistributed profit	

Other explanations:

Unit: RMB

	ZKTECO EUROPE SL
Acquisition cost/disposal consideration	
--Cash	18,673,392.85
-- Fair value of non-cash assets	-

Total cost/disposal consideration	18,673,392.85
Less: Net assets of the subsidiaries calculated based on the proportion of assets acquired/disposed	18,455,339.63
Difference	218,053.22
Including: Adjustment to the capital reserves	218,053.22
Adjustment to surplus reserve	-
Adjustment to undistributed profit	-

3. Equity in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associate	Main business place	Registration place	Nature of business	Percentage of shares		Accounting treatment methods for investments in joint ventures or associates
				Direct	Indirect	

Description of the fact that shareholding percentage is different from the proportion of voting rights in the joint ventures or associates:

Basis for holding less than 20% of voting rights but having significant impact, or holding 20% or more of voting rights but not having significant impact:

(2) Main financial information of important joint ventures

Unit: RMB

	Ending balance/current amount incurred	Beginning balance/amount incurred in the previous period
Current assets		
Including: Cash and cash equivalents		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Shareholders' equity attributable to the parent company		
Net asset share calculated based on		

shareholding ratio		
Adjustment matters		
--Goodwill		
--Unrealized profits from internal transactions		
--Others		
Book value of equity investment in joint ventures		
Fair value of equity investment in joint ventures with public offer		
Operating revenue		
Financial expenses		
Income tax expenses		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from joint ventures of current year		

Other explanations:

(3) Main financial information of important associates

Unit: RMB

	Ending balance/current amount incurred	Beginning balance/amount incurred in the previous period
Current assets		
Non-current assets		
Total assets		
Current liabilities		
Non-current liabilities		
Total liabilities		
Minority interests		
Shareholders' equity attributable to the parent company		
Net asset share calculated based on shareholding ratio		
Adjustment matters		
--Goodwill		
--Unrealized profits from internal transactions		

--Others		
Book value of equity investment in associates		
Fair value of equity investments in associates with public offers		
Operating revenue		
Net profit		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates this year		

Other explanations:

(4) Summary financial information of unimportant joint ventures and associated enterprises

Unit: RMB

	Ending balance/current amount incurred	Beginning balance/amount incurred in the previous period
Joint venture:		
The total number of the following items calculated based on shareholding ratio		
Associates:		
Total investment book value	25,112,854.58	28,982,092.23
The total number of the following items calculated based on shareholding ratio		
-- Net profit	-2,654,718.04	-603,848.55
-- Other comprehensive income	84,474.50	
--Total comprehensive incomes	-2,570,243.54	-603,848.55

Other explanations:

(5) Description of significant limitations on the ability of joint ventures or associates to transfer funds to the Company

(6) Excess losses incurred by joint ventures or associates

Unit: RMB

Name of joint venture or associate	Accumulated unrecognized losses accumulated in the	Unrecognized losses in the current period (or net profit	Accumulated unrecognized losses at the end of this period
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	previous period	shared in the current period)	
ZKTECO SOLUTIONS INC.	-871,279.86	-1,106,620.35	-1,977,900.21
PT. ZKTECO SECURITY INDONESIA	-473,315.60	-109,877.64	-583,193.24

Other explanations:

(7) Unrecognized commitments related to joint venture investments

(8) Contingent liabilities related to investments in joint ventures or associates

4. Important joint operations

Name of Joint Operation	Main business place	Registration place	Nature of business	Shareholding Ratio / Shares Held	
				Direct	Indirect

Description of why the shareholding ratio or number of shares held in the joint operation is different from the proportion of voting rights:

Basis for classifying a joint operation as such, when the joint operation is a separate entity:

Other explanations:

5. Equity in structured entities not included in the scope of consolidated financial statements

Description of structured entities not included in the scope of consolidated financial statements:

6. Others

XI. Government Subsidies

1. Government subsidies recognized by accounts receivable at the end of the reporting period

Applicable Not applicable

Reasons for not receiving the expected amount of government subsidies at the expected time point

Applicable Not applicable

2. Liability items involving government subsidies

Applicable Not applicable

Unit: RMB

Accounting Subject	Beginning Balance	Newly added subsidy amount in current period	Amount included in non-operating revenue for the current period	Amount of other income transferred in the current period	Other changes in the current period	Ending Balance	Assets/Income-related
Deferred income	1,420,041.44			55,272.04		1,364,769.40	Assets-related
Total	1,420,041.44			55,272.04		1,364,769.40	

3. Government subsidies included in current profits and losses

Applicable Not applicable

Unit: RMB

Accounting Subject	Amount incurred in the current period	Amount incurred in the previous period
Other income	3,564,408.77	6,728,971.26

Other explanations:

None

XII. Risks Related to Financial Instruments

1. Various risks arising from financial instruments

The Company faces various risks related to financial instruments during its operation, mainly including credit risk, market risk, and liquidity risk. The Company's main financial instruments include cash and cash equivalents, equity investments, debt investments, borrowings, accounts receivable, accounts payable, etc. For detailed information on each type of financial instrument, please refer to the relevant items in Note V. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management framework, specifying the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's operating activities to decide whether to update the risk management policies and systems. The risk management of the Company is carried out in accordance with the policies approved by the Board of Directors. Our internal audit department conducts regular audits on risk management controls and procedures, and reports the audit results to the Company's Audit Committee.

The Company diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

1. Market risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes foreign exchange rate risk, interest rate risk and other price risks.

(1) Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate. The main business of the Company is operated within the territory of China, which is settled in RMB. However, there are still foreign exchange risks in the foreign currency assets and liabilities recognized and future foreign currency transactions of the Company (the valuation currency for foreign currency assets and liabilities, as well as foreign currency transactions, is mainly USD). The relevant foreign currency assets and liabilities include: monetary funds denominated in foreign currencies, accounts receivable, other receivables, accounts payable, other payables, non-current liabilities due within one year, and long-term loans. The amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are presented in Note VII (64) "Foreign currency monetary items".

The Company closely monitors the impact of exchange rate fluctuations on our exchange rate risk. The Company has not taken any measures to hedge against exchange rate risks at present. However, the management is responsible for monitoring such risks and will consider hedging significant exchange rate risks when necessary. At the end of this period, the foreign exchange risks faced by the Company mainly arise from financial assets and financial liabilities denominated in foreign currencies. The amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are presented in Note VII (64) "Foreign currency monetary items".

Assuming all other variables remain unchanged, if the RMB appreciates or depreciates by 5% against foreign currencies, the Company's total profit for the current year will increase or decrease by RMB 77.1887 million.

(2) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. The risk of changes in market interest rates faced by the Company is mainly related to the borrowings of the Company that are interest-bearing at floating rates. The interest rate risk of the Company mainly arises from long-term bank borrowings and other long-term interest-bearing debts. Floating-rate financial liabilities expose the Company to cash flow interest rate risk while fixed-rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed-rate and floating-rate contracts based on the prevailing market conditions at that time, and maintains an appropriate mix of fixed- and floating-rate instruments through regular review and monitoring.

The Finance Department of the Company continuously monitors the Company's interest rate level. The increases in interest rate will increase the costs of the new interest-bearing debts and the interest expenses of interest-bearing debts failing to be paid up by the Company and subject to the interest calculation at floating interest rate, and will, significantly and adversely, affect the Company's financial results; the management will make an adjustment according to the latest market conditions to reduce the interest rate risks.

(3) Other price risks

The Company does not hold equity investments in other listed companies and is not exposed to other price risks.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations. Credit risk of the Company mainly arises from bank deposits and accounts receivable.

The Company has adopted a policy of only trading with reputable counterparties. In addition, the Company evaluates the credit qualifications of customers based on their financial position, the possibility of obtaining guarantees from third parties, credit records, and other factors such as current market conditions, and sets corresponding credit periods. The Company continuously monitors the notes receivable, accounts receivable balance, and collection. For customers with poor credit records, the Company will use written reminders, shorten or cancel credit periods, etc. to ensure that the Company does not face significant credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that sufficient provisions for expected credit losses have been made for the relevant financial assets.

The credit risk of other financial assets of the Company, including monetary funds, other receivables, debt investments, etc., arises from counterparty defaults, and the maximum credit risk exposure is the carrying amount of each financial asset on the balance sheet. The Company has not provided any other guarantee that may expose the Company to credit risk.

The monetary funds held by the Company are mainly deposited in state-owned holding banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have a high reputation and good asset status, there is no significant credit risk, and there will be no significant losses caused by the default of the counterparty. The Company's policy is to control the amount of deposits held in deposits based on the market reputation, business scale, and financial background of well-known financial institutions, in order to limit the credit risk amount to any individual financial institution.

As part of the Company's credit risk asset management, the Company uses aging to assess impairment losses on accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The Company calculates the historical actual bad debt rate for different aging periods based on historical data, and takes into account current and future economic forecasts, such as forward-looking information like national GDP growth rate, total infrastructure investment, and national monetary policy, to adjust the expected loss rate. For long-term receivables, the Company takes into account the settlement period, payment period stipulated in the contract, the financial position of the debtor, and the economic situation of the debtor's industry, and adjusts the expected credit loss based on the forward-looking information mentioned above.

The Company's maximum credit risk exposure is the book value of each financial asset in the balance sheet.

For the bank financial products invested by the Company, the counterparty must have a credit rating higher than or equal to that of the Company. Given the good credit rating of the counterparty, the Company's management does not anticipate that the counterparty will be unable to fulfill its obligations.

3. Liquidity risk

The liquidity risk refers to the risk of capital shortage of an enterprise taking place in the course of cash payment or settlement via other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Each member enterprise of the Company is responsible for its cash flow forecast. The Finance Department under the Company continuously monitors the Company's short-term and long-term funding needs at the company level based on the cash flow forecast results of each member enterprise, to ensure the maintenance of sufficient cash reserves; simultaneously, the Finance Department continuously monitors whether it complies with the provisions of the loan agreement and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding needs. In addition, the Company has entered into financing and credit agreements with major correspondent banks to provide support for the Company's obligations related to commercial bills.

The financial liabilities and off-balance sheet guarantee items held by the Company are analyzed by the maturity of the remaining undiscounted contractual cash flows as follows (in RMB):

Item	Ending balance			
	Within 1 year	1-5 years	Over 5 years	Total
Short-term loan	81,101,188.00			81,101,188.00
Trading financial liabilities	208,175,000.00			208,175,000.00
Notes payable	239,870,823.79	-	-	239,870,823.79
Accounts payable	404,450,021.92	-	-	404,450,021.92
Other payables	71,479,362.71	-	-	71,479,362.71

Non-current liabilities due within one year	30,859,013.86	-	-	30,859,013.86
Other current liabilities	16,652,193.31	-	-	16,652,193.31
Lease liabilities	-	31,558,569.19	-	31,558,569.19
Long-term borrowings	-	139,871.08	-	139,871.08
Total	1,052,587,603.59	31,698,440.27	-	1,084,286,043.86

Continued:

Item	Opening balance			
	Within 1 year	1-5 years	Over 5 years	Total
Notes payable	134,784,219.75	-	-	134,784,219.75
Accounts payable	225,414,642.83	-	-	225,414,642.83
Other payables	45,821,035.19	-	-	45,821,035.19
Non-current liabilities due within one year	22,822,648.87	-	-	22,822,648.87
Other current liabilities	10,022,833.77	-	-	10,022,833.77
Lease liabilities	-	35,667,036.05	-	35,667,036.05
Long-term borrowings	-	7,246,091.36	-	7,246,091.36
Total	438,865,380.41	42,913,127.41	-	481,778,507.82

4. Capital management

The objective of the Company's capital management policy is to ensure the Company's sustainable operation, thereby providing returns to shareholders and benefiting other stakeholders, while maintaining an optimal capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors the capital structure based on the asset liability ratio (that is, total liabilities divided by total assets). As of December 31, 2025, the Company's asset liability ratio was 26.02% (December 31, 2024: 15.86%).

XIII. Disclosure of Fair Value

1. Ending fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value at the end of the period			
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Trading financial		800,444,410.21		800,444,410.21

assets				
1. Financial assets measured at fair value and whose changes are included in the current profits and losses		800,444,410.21		800,444,410.21
(4) Bank financing		800,444,410.21		800,444,410.21
Total assets continuously measured at fair value		800,444,410.21		800,444,410.21
(VI) Trading financial liabilities			208,175,000.00	208,175,000.00
(VII) Financial liabilities measured at fair value and whose changes are included in current profits and losses			208,175,000.00	208,175,000.00
Total liabilities continuously measured at fair value			208,175,000.00	208,175,000.00
II. Continuous fair value measurement	--	--	--	--

2. Qualitative and quantitative information on valuation techniques and important parameters used for continuous and non-continuous second level fair value measurement items

The Company divides its bank financial products into financial assets measured at fair value and whose changes are included in the current profits and losses, and subsequently measures them at fair value. At the end of the period, the expected income is calculated based on the expected return rate of the bank financial products, and it is used as the fair value with the principal at the end of the period.

3. Fair value of financial assets and liabilities not measured at fair value

For contingent consideration arising from business merger not under common control within trading financial liabilities, the Company continuously monitors the operating and financial conditions of the investee company. Its fair value is calculated and determined based on the actual completion of performance commitments or the estimated completion of performance commitments, taking into account relevant estimated risk factors, in accordance with the terms of the Equity Transfer Agreement.

XIV. Related Parties and Related Party Transactions

1. Information of the parent company of the enterprise

Name of the parent company	Registration place	Nature of business	Registered Capital	Share proportion held by parent company in the	Proportion of voting rights of the parent company to
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				enterprise	the Company
Shenzhen ZKTeco Times Investment Co., Ltd.	Shenzhen	Investment	RMB 9 million	29.83%	29.83%

Description of the parent company of the enterprise

The ultimate controller of this enterprise is Che Quanhong.

Other explanations:

2. Subsidiaries of the enterprise

The situation of the Company's subsidiaries is detailed in Note X (1) Equity in subsidiaries.

3. Information of joint ventures and associates of the enterprise

Important joint ventures or associates of the Company are detailed in the notes.

Related party transactions with the Company occurred in the current period, the information of other joint ventures or associates that have formed balances through related party transactions with the Company in the early stage is as follows:

Name of joint venture or associate	Relationship with the enterprise
ZKTECO SMART CITY (THAILAND) CO., LTD.	Joint venture
PT. ZKTECO SECURITY INDONESIA	Joint venture
ZKTECO SOLUTIONS INC.	Joint venture
CV Squared, Inc.	Joint venture
Xiamen Xingniu Yunyu Venture Capital Partnership Enterprise (Limited Partnership)	Joint venture

Other explanations:

4. Conditions of other affiliated parties

Names of other related parties	Relationship between other related parties and the enterprise
PSD SECURITY, S.L.	An enterprise controlled by the minority shareholder Fernando Ducay Real of subsidiary ZKTECO EUROPE SL; fernando Ducay Real held a 27.47% stake in Shenzhen JYLY Consulting Enterprise (Limited Partnership), which in turn held 1.69% of the Company's shares as of December 31, 2025.
Sibolan (Xiamen) Life Science and Technology Co., Ltd.	A company controlled by the actual controller
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	Holding a 5.04% stake in the Company.
Che Quanhong	Chairman
Che Quanzhong	Younger brother of Chairman Che Quanhong
Shenzhen Huijiang Industrial Group Co., Ltd.	A shareholder holding 49.00% equity in subsidiary Shenzhen Zhongjiang Intelligent Technology Co., Ltd.
Shenzhen Zhongjiang Intelligent Technology Co., Ltd.	Subsidiaries in the process of compulsory liquidation
Yang Xianfeng	Former Supervisor

Other explanations:

The Company acquired all the minority shareholders' equity of subsidiary ZK SOFTWARE DE MEXICO, S.A. DE C.V. in August 2023. TVCENLINEA.COM SA DE CV was a company controlled by minority shareholders. According to the relevant

provisions of the "Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange", from August 2023 to August 2024, TVCENLINEA.COM SA DE CV was still be considered as a related party of the listed company. During this period, the transactions between TVCENLINEA.COM SA DE CV and the listed company still constitute related party transactions. Therefore, the transactions between the Company and TVCENLINEA.COM SA DE CV from January to August 2024 constitute related party transactions.

5. Related party transactions

(1) Related party transactions for purchasing and selling goods, providing and receiving labor services

Table of Purchasing Goods/Accepting Labor Services

Unit: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Approved transaction limit	Does it exceed the transaction limit	Amount incurred in the previous period
TVCENLINEA.COM SA DE CV	Purchasing goods	0.00	0.00	No	2,093,526.92
ZKTECO SMART CITY(THAILAND) CO., LTD.	Purchasing goods	84,108.11	0.00	Yes	107,587.16
PT. ZKTECO SECURITY INDONESIA	Marketing expenses	248,858.64	0.00	Yes	451,840.72
Total		332,966.75	0.00		2,652,954.80

Selling goods/rendering labor service

Unit: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
PT. ZKTECO SECURITY INDONESIA	Selling goods	2,989,824.41	3,120,868.81
ZKTECO SMART CITY(THAILAND) CO., LTD.	Selling goods	2,266,091.78	2,051,095.32
TVCENLINEA.COM SA DE CV	Selling goods	0.00	54,000,420.58
PSD SECURITY, S.L.	Selling goods	5,280,673.39	3,456,201.63
ZKTECO SOLUTIONS INC.	Selling goods	18,514,833.06	18,907,183.07
Silk ID Systems Inc.	Selling goods	0.00	47,378.56
CV Squared, Inc.	System platform development	1,275,140.00	0.00
Total		30,326,562.64	81,583,147.97

Description of related party transactions for purchasing and selling goods, providing and receiving labor services

Note: The expected daily related party transaction limit of the Company is the maximum amount that both parties may sign a contract, and the actual amount incurred is determined based on the business development of both parties, resulting in a certain difference between the actual amount incurred and the expected amount. The difference in amount is relatively small and does not meet the criteria for review by the Board of Directors. The daily related party transactions of the Company in 2025 were based on the normal production and operation needs of the Company. The related party transactions comply with the principles of fairness, openness, and impartiality, and there is a certain difference between the actual amount incurred and the expected amount. This is mainly due to the

Company's appropriate adjustments based on business conditions, and there is no situation that damages the Company and shareholders' rights and interests, which will not affect the independence of the Company.

(2) Related entrusted management/contracting and entrusted management/outsourcing situation

Table of entrusted management/contracting situation of the Company:

Unit: RMB

Name of Principal/ Outsourcer	Name of Trustee/ Contractor	Type of Entrusted/ Contracted Assets	Start Date of Entrusting/ Contracting	Termination Date of Entrusting/ Contracting	Pricing Basis for Custody Income/ Contracting Income	Custody Income/ Contracting Income Recognized in Current Period
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Description of related custody/contracting situation

The Company's Entrusted Management/Outsourcing Situation:

Unit: RMB

Name of Principal/ Outsourcer	Name of Trustee/ Contractor	Entrusted/Outsourced Asset Type	Start Date of Entrusting/ Outsourcing	Termination Date of Entrusting/ Outsourcing	Pricing Basis for Custody Fee/ Outsourcing Fee	Custody Fee/Contracting Fee Recognized in Current Period
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Description of related management/outsourcing situation

(3) Related leasing

The Company as lessor:

Unit: RMB

Name of leasee	Types of leased assets	Confirmed rental income in the current period	Rental income recognized in the previous period
PT. ZKTECO SECURITY INDONESIA	Houses and buildings	277,056.70	190,872.39
Sibolan (Xiamen) Life Science and Technology Co., Ltd.	Houses and buildings	22,018.32	1,834.86
Dongguan LX Investment Partnership Enterprise (Limited Partnership)	Houses and buildings	5,045.92	-

The Company as lessee:

Unit: RMB

Name of lessor	Types of leased assets	Simplified rental fees for short-term leases and low value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rent paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets
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		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period
Che Quanzhong	Houses and buildings	30,000.00	106,089.40	0.00	0.00	30,000.00	762,372.46	0.00	12,249.36	0.00	-2,481,817.75
Xinhuaxin (Xi'an) Information Technology Co., Ltd.	Houses and buildings	0.00	22,935.78	0.00	0.00	0.00	25,000.00	0.00	0.00	0.00	0.00
Che Quanhong	Houses and buildings	723,868.00	0.00	0.00	0.00	723,868.00	0.00	0.00	0.00	0.00	0.00
Total		753,868.00	129,025.18	0.00	0.00	753,868.00	787,372.46	0.00	12,249.36	0.00	-2,481,817.75

Information of related leasing situation

(4) Related guarantee

As the guarantor, the Company

Unit: RMB

Guaranteed party	Guarantee amount	Guarantee start date	Guarantee expiration date	Has the guarantee been fulfilled

As the guarantor, the Company

Unit: RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiration date	Has the guarantee been fulfilled

Description of related party guarantees

(5) Related party fund borrowing and lending

Unit: RMB

Related party	Lending amount	Start Date	Due Date	Remarks
Borrowing				
Lending				

(6) Asset transfer and debt restructuring of related parties

Unit: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period

(7) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Number of key management personnel	14.00	14.00
Number of personnel receiving remuneration from the Company	14.00	14.00
Total remuneration	6,661,748.77	6,722,979.73

(8) Other related party transactions**6. Accounts receivable and payable to related parties****(1) Accounts receivable**

Unit: RMB

Project Name	Related party	Ending Balance		Beginning Balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable	PT. ZKTECO SECURITY INDONESIA	4,949,677.22	332,509.39	6,058,310.39	781,857.75
Accounts receivable	ZKTECO SMART CITY(THAILAND) CO., LTD.	401,550.32	27,013.85	1,301,360.13	65,713.17
Accounts receivable	ZKTECO SOLUTIONS INC.	24,632,726.74	1,545,892.86	19,486,553.08	1,051,921.51
Accounts receivable	PSD SECURITY, S.L.	1,805,270.85	90,263.55	1,406,173.58	70,308.68
Other receivables	Sibolan (Xiamen) Life Science and Technology Co., Ltd.	2,000.00			
Other receivables	Che Quanhong	510,322.00		767,631.62	
Other receivables	Yang Xianfeng			27,771.62	

(2) Accounts payable

Unit: RMB

Project Name	Related party	Closing book balance	Opening book balance
Accounts payable	ZKTECO SMART CITY(THAILAND) CO., LTD.	297.62	1,709.19
Other payables	Yang Xianfeng	1,048.71	
Other payables	Dongguan LX Investment Partnership Enterprise (Limited Partnership)	500.00	
Other payables	Che Quanhong	142,245.06	
Other payables	ZKTECO SMART CITY(THAILAND), LTD.	143,781.30	

Other payables	PT. ZKTECO SECURITY INDONESIA		87,475.64
Contract liabilities	CV Squared,Inc.		1,275,140.00

7. Commitments of related parties

None

8. Others

None

XV. Share-based Payment

1. Overall information of share-based payment

Applicable Not applicable

Unit: RMB

Grant object category	Current grant		Current exercise		Unlocked in current period		Expired in current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Directors, senior managers, middle managers and core technology (business) backbone employees of the Company (including branches and subsidiaries)	3,234,970.00	43,442,912.18						
Directors, senior managers, and core employees of Longzhiyuan								
Total	3,234,970.00	43,442,912.18						

Outstanding stock options or other equity instruments at the end of the period

Applicable Not applicable

Grant object category	Outstanding stock options at the period end		Outstanding other equity instruments at the period end	
	Range of exercise price	Remaining term of the	Range of exercise price	Remaining term of the

		contract		contract
Directors, senior managers, middle managers and core technology (business) backbone employees of the Company (including branches and subsidiaries)	The exercise price for both the restricted shares granted by the Company and the employee stock ownership plan was RMB 13.25/share.	The remaining unlocking period for the Company's outstanding 2025 restricted share contract is March 28, 2025 - March 27, 2028. The remaining unlocking period of the Company's employee stock ownership plan will vest in three tranches, with vesting dates on May 22, 2026, May 22, 2027, and May 22, 2028, respectively.		

Other explanations:

1. 2025 Restricted Share Incentive Plan

On January 23, 2025, the Company held the 15th Session of the Third Board Meeting and the 14th Session of the Third Supervisory Board Meeting. On February 11, 2025, the Company held the First Extraordinary General Meeting of 2025, deliberated and approved the "Proposal on the Company's Restricted Share Incentive Plan 2025 (Draft) and Its Abstract", the "Proposal on the Company's Restricted Share Incentive Plan Implementation Assessment Management Measures 2025", and the "Proposal on Submitting to the Company's General Meetings to Authorize the Board of Directors to Handle Matters Related to Equity Incentive". On March 28, 2025, the Company held the 16th Session of the Third Board Meeting and the 15th Session of the Third Supervisory Board Meeting, deliberated and approved the "Proposal on Adjusting the List of Incentive Objects of Restricted Share Incentive Plan in 2025 and the Number of Granted Objects" and the "Proposal on Granting Restricted Shares to the Incentive Objects of 2025 Restricted Share Incentive Plan". The Board of Supervisors verified the list of incentive objects for this grant of restricted shares and issued verification opinions.

2. 2025 Employee Stock Ownership Plan

On January 23, 2025, the Company held the 15th Session of the Third Board Meeting and the 14th Session of the Third Supervisory Board Meeting. On February 11, 2025, the Company held the First Extraordinary General Meeting of 2025, deliberated and approved the "Proposal on the Company's 2025 Employee Stock Ownership Plan (Draft) and Its Abstract", the "Proposal on the Company's 2025 Employee Stock Ownership Plan Management Measures", and the "Proposal on Submitting the Company's General Meetings to Authorize the Board of Directors to Handle Matters Related to the 2025 Employee Stock Ownership Plan", and agreed to implement the 2025 Employee Stock Ownership Plan. The Board of Supervisors verified matters related to the Company's 2025 Employee Stock Ownership Plan and issued verification opinions. The 1,113,800 shares of company stock held in the Company's dedicated securities account for share repurchases were transferred by way of non-trading transfer to the Company's 2025 employee stock ownership plan securities account on May 22, 2025.

3. Equity incentive implemented by Longzhiyuan, a subsidiary of the Company

An employee stock ownership platform, consisting of directors, senior managers, and core employees of Longzhiyuan, made capital contributions to Longzhiyuan, which constituted share-based payment, with a total of 3,639,560 shares granted.

2. Equity settled share-based payments

Applicable Not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the grant date	For the Company's employee stock ownership plan, the fair value is determined by the closing price of the Company's shares on the grant date. For restricted shares, the fair value of stock options is calculated using the Black-Scholes model (B-S model).
Important parameters of the fair value of equity instruments on the grant date	None
Basis for Determining the Number of Exercisable Equity Instruments	On each balance sheet date during the waiting period, the Company predicts based on the latest number of exercisable rights, completion of performance indicators, personal assessment status, and other subsequent information
Reasons for significant differences between the current estimate and the previous estimate	None
Accumulated amount of equity settled share-based payments recognized in capital reserve	18,752,008.67
The total amount of expenses recognized for equity settled share-based payments in this period	18,752,008.67

Other explanations:

None

3. Cash settled share-based payments

Applicable Not applicable

4. Share-based payment fees in the current period

Applicable Not applicable

Unit: RMB

Grant object category	Equity settled share-based payment fees	Cash settled share-based payment fees
Directors, senior managers, middle managers and core technology (business) backbone employees of the Company (including branches and subsidiaries)	18,018,484.01	
Directors, senior managers, and core employees of Longzhiyuan	733,524.66	
Total	18,752,008.67	

Other explanations:

None

5. Modification and termination of share-based payment

During the current period, there were no modifications or terminations of share-based payment.

6. Others

None

XVI. Commitments and Contingencies

1. Significant commitments

Significant commitments on the balance sheet date

The Company, professional investment institutions, and related parties registered and established ecological innovation fund Xiamen Xingniu Yunyu Venture Capital Partnership Enterprise (Limited Partnership) in August 2023. The Company, as a limited partner, contributes RMB 48 million of its own funds, with a subscribed capital ratio of 40%. According to the partnership agreement, the fund will make its capital contribution in two installments, unless the executive partner decides otherwise. In principle, each installment of the capital contribution shall be fifty percent of the committed capital contribution. If the first installment of the capital contribution is actually used up by more than 50% (including this number), the general partner has the right to require each partner to make the second installment of the capital contribution. The Company made a paid-in capital contribution of RMB 24 million in September 2023. As of December 31, 2025, there is still RMB 24 million to be injected upon the fulfillment of certain conditions.

According to the "Equity Acquisition Agreement for Shenzhen Longzhiyuan Technology Co., Ltd." (hereinafter referred to as the "Acquisition Agreement"), the Company shall pay the shareholders of Longzhiyuan an equity acquisition payment of RMB 416,350,000 in installments. As of December 31, 2025, the Company has paid the first installment of the transaction price, RMB 208,175,000, which is 50.00% of the transaction consideration. The second installment of the transaction price, RMB 62,452,500 (15% of the transaction consideration), shall be paid within ten working days from the date when the accounting firm engaged by the Company issues the special audit report for Longzhiyuan for the year 2025 and all the preconditions described in Article 7.3 of the "Acquisition Agreement" are met. The third installment of the transaction price, RMB 62,452,500 (15% of the transaction consideration), shall be paid within ten working days from the date when the accounting firm engaged by the Company issues the special audit report for Longzhiyuan for the year 2026. The fourth installment of the transaction price, RMB 83,270,000 (20% of the transaction consideration), shall be paid within ten working days from the date when the accounting firm engaged by the Company issues the special audit report for Longzhiyuan for the year 2027.

Apart from the matters mentioned above, as of the balance sheet date, the Company has no other significant commitment matters that need to be disclosed.

2. Contingencies

(1) Significant contingencies on the balance sheet date

There are no significant contingencies that need to be disclosed by the Company.

(2) The Company shall also provide a description if there are no important contingencies that need to be disclosed

There are no significant contingencies that need to be disclosed by the Company.

3. Others

None

XVII. Events after the Balance Sheet Date

1. Important non adjustment matters

Unit: RMB

Item	Content	Number of impacts on financial position and operating results	The reason for the inability to estimate the number of impacts
Pending litigation	<p>The Company's subsidiary, Zkteco (Guangdong) Co., Ltd., had its Dongguan Bank account frozen by the Dongguan Third People's Court on March 3, 2026, due to a dispute with Hengfu Construction Group Co., Ltd., involving funds of RMB 21,293,090.44. To ensure the normal conduct of the Company's daily operating activities, Zkteco (Guangdong) Co., Ltd. opened a new account at Dongguan Bank and deposited RMB 21,294,000.00 on March 11, 2026, to replace the funds in the originally frozen account. This account freezing and replacement did not have a significant adverse impact on the Company's production and operations.</p>		The lawsuit has not yet been adjudicated.
Planning for H-share listing	<p>On April 9, 2026, the Company issued an announcement stating that it is planning an overseas issuance of shares (H shares) and applying for listing on the Stock Exchange of Hong Kong Limited (hereinafter referred to as "the H-share issuance and listing"). As of the date the financial report was approved for issuance, the Company is discussing with relevant intermediaries regarding the related work for the H-share issuance and listing, and relevant details have not yet been determined. The Company's H-share issuance and listing matter needs to be submitted to the Company's Board of Directors and shareholders'</p>		Relevant details have not yet been determined.

	meeting for deliberation and approval.		
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2. Profit distribution

Proposed distribution of dividends per 10 shares (RMB)	4.8
Proposed distribution of bonus shares per 10 shares (share)	0
Proposed distribution of additional shares converted from capital reserves per 10 shares (share)	0
Profit distribution plan	On April 21, 2026, the Company's Fourth Board of Directors held its second meeting and approved the 2025 profit distribution plan. Based on the total share capital on the registration date of future equity distribution, after deducting the repurchased shares in the Company's repurchase special account, the Company proposed to distribute cash dividend of RMB 4.8 (tax inclusive) per 10 shares to all shareholders. No bonus shares will be issued, and use capital reserve to increase 0 shares per 10 shares to all shareholders. The above dividend distribution plan still needs to be submitted to the Company's 2025 annual shareholders' meeting for deliberation and approval before it can be implemented.

3. Sales return

None

4. Description of other events after the balance sheet date

As of the balance sheet date, the Company has no other significant events to be disclosed.

XVIII. Notes to Main Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	340,765,550.28	471,787,442.13
1-2 years	66,578,618.90	35,016,611.18
2-3 years	18,453,746.80	19,976,746.03
Over 3 years	19,031,140.84	3,550,379.93
3-4 years	16,967,115.14	1,814,634.08
4-5 years	1,763,673.68	631,687.17
Over 5 years	300,352.02	1,104,058.68
Total	444,829,056.82	530,331,179.27

(2) Disclosure by bad debt accrual method

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Accounts receivable with bad debt reserve made individually	9,219,944.92	2.07%	8,552,208.92	92.76%	667,736.00	4,702,784.12	0.89%	4,702,784.12	100.00%	0.00
Including:										
Accounts receivable with insignificant single amount and bad debt reserve withdrawn separately	9,219,944.92	2.07%	8,552,208.92	92.76%	667,736.00	4,702,784.12	0.89%	4,702,784.12	100.00%	0.00
Accounts receivable with bad debt reserve made by portfolio	435,609,111.90	97.93%	8,051,664.14	1.85%	427,557,447.76	525,628,395.15	99.11%	9,191,334.34	1.75%	516,437,060.81
Including:										
Related party portfolio	334,785,556.59	75.26%			334,785,556.59	390,141,325.00	73.56%		0.00%	390,141,325.00
Aging portfolio	100,823,555.31	22.67%	8,051,664.14	7.99%	92,771,891.17	135,487,070.15	25.55%	9,191,334.34	6.78%	126,295,735.81
Total	444,829,056.82	100.00%	16,603,873.06	3.73%	428,225,183.76	530,331,179.27	100.00%	13,894,118.46	2.62%	516,437,060.81

Bad debt reserve made individually: 8,552,208.92

Unit: RMB

Name	Beginning Balance		Ending Balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrual proportion	Reasons for provision
Euroclima LLC	0.00	0.00	3,154,368.07	2,486,632.07	78.83%	Expected non-recoverable
Hainan Jialing Digital Technology Co., Ltd.	2,032,000.00	2,032,000.00	2,032,000.00	2,032,000.00	100.00%	Expected non-recoverable
VI KHANG TRADING SERVICE EQUIPMENT TECHNOLOGY COMPANY LIMITED	0.00	0.00	683,012.61	683,012.61	100.00%	Expected non-recoverable
Noble IT Solutions Co., Ltd	421,686.28	421,686.28	412,323.82	412,323.82	100.00%	Expected non-recoverable
Zicom Electronic Securit	376,995.64	376,995.64	368,625.42	368,625.42	100.00%	Expected non-recoverable
Shenzhen Xuhui Information Technology Co., Ltd.	270,358.32	270,358.32	270,358.32	270,358.32	100.00%	Expected non-recoverable
Aisino Corporation	0.00	0.00	232,200.00	232,200.00	100.00%	Expected non-recoverable
Gansu Fourth Construction Group Co., Ltd.	224,676.00	224,676.00	224,676.00	224,676.00	100.00%	Expected non-recoverable
VENDEMMIA COMERCIO INTERNACIONAL LTDA	204,017.72	204,017.72	199,488.03	199,488.03	100.00%	Expected non-recoverable
Wanqiao Information Technology Co.,Ltd.	165,900.00	165,900.00	165,900.00	165,900.00	100.00%	Expected non-recoverable
Tianjin Eagle Eye Biotechnology Co., Ltd.	162,281.00	162,281.00	162,281.00	162,281.00	100.00%	Expected non-recoverable
One Network (PVT) Ltd.	0.00	0.00	155,420.83	155,420.83	100.00%	Expected non-recoverable
Baoneng Urban Development and Construction Group Co., Ltd.	155,292.00	155,292.00	155,292.00	155,292.00	100.00%	Expected non-recoverable
WESTGATE TECHNOLOGIES LIMITED	0.00	0.00	138,733.61	138,733.61	100.00%	Expected non-recoverable

Jiangsu Xingyun Grid Information Technology Co., Ltd.	0.00	0.00	133,983.00	133,983.00	100.00%	Expected non-recoverable
PONTO RHJ EIRELI - ME	101,554.91	101,554.91	99,300.15	99,300.15	100.00%	Expected non-recoverable
Hainan Zhongkong IOT Technology Co., Ltd.	98,773.74	98,773.74	98,773.74	98,773.74	100.00%	Expected non-recoverable
Shanghai Leqi Automation Technology Co., Ltd.	261,950.00	261,950.00	81,950.00	81,950.00	100.00%	Expected non-recoverable
U.S. Plast	0.00	0.00	81,182.64	81,182.64	100.00%	Expected non-recoverable
Qianxinan Mengku Business Service Co., Ltd.	74,672.00	74,672.00	74,672.00	74,672.00	100.00%	Expected non-recoverable
INTELLISMA RT TECHNOLOGY INC.	75,607.59	75,607.59	73,928.92	73,928.92	100.00%	Expected non-recoverable
Rahat Telecom LLC	0.00	0.00	72,801.43	72,801.43	100.00%	Expected non-recoverable
True Security Consultant Limited	0.00	0.00	70,791.19	70,791.19	100.00%	Expected non-recoverable
KWK CELLPHONE AND ACCESSORIES	38,065.52	38,065.52	37,220.38	37,220.38	100.00%	Expected non-recoverable
ELECTRONIC A GHANA LIMITED	23,253.40	23,253.40	15,708.31	15,708.31	100.00%	Expected non-recoverable
Nanjing Xianji Technology Co., Ltd.	15,570.00	15,570.00	15,570.00	15,570.00	100.00%	Expected non-recoverable
Rhythm Technologies	0.00	0.00	9,383.45	9,383.45	100.00%	Expected non-recoverable
Others	130.00	130.00				Expected non-recoverable
Total	4,702,784.12	4,702,784.12	9,219,944.92	8,552,208.92		

Bad debt reserve made by portfolio: 8,051,664.14

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Related party portfolio	334,785,556.59		
Aging portfolio	100,823,555.31	8,051,664.14	7.99%

Total	435,609,111.90	8,051,664.14	
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Description of the basis for determining the portfolio:

Bad debt reserve made by portfolio: 8,051,664.14

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Within 1 year (including 1 year)	82,716,575.55	4,135,828.81	5.00%
1-2 years	13,646,075.20	1,364,607.53	10.00%
2-3 years	2,728,109.65	818,432.89	30.00%
Over 3 years	1,732,794.91	1,732,794.91	100.00%
Total	100,823,555.31	8,051,664.14	

Description of the basis for determining the portfolio:

If the bad debt reserve of accounts receivable is made according to the general model of expected credit losses:

Applicable Not applicable

(3) Bad debt reserves withdrawn, recovered or reversed in the current period

Provision for bad debt reserves in current period:

Unit: RMB

Category	Beginning Balance	Current period change amount				Ending Balance
		Provision	Return or reversal	Redeem/redemption	Others	
Bad debt reserve made individually	4,702,784.12	4,036,453.60	187,028.80			8,552,208.92
Bad debt reserve made by portfolio	9,191,334.34	-1,139,670.20				8,051,664.14
Total	13,894,118.46	2,896,783.40	187,028.80			16,603,873.06

The amount of bad debt reserves recovered or reversed in the current period is significant:

Unit: RMB

Company name	Accounts recovered or transferred back	Reason for reversal	Recovery method	The basis and rationality for determining the provision ratio of original bad debt reserves

(4) Actual verification of accounts receivable in the current period

Unit: RMB

Item	Write-off amount
Accounts receivable actually written off	0.00

Important accounts receivable verification status:

Unit: RMB

Company name	Nature of accounts receivable	Write-off amount	Write-off reason	Verification and cancellation programs that have been performed	Whether the payment is incurred due to related transactions
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Description of accounts receivable verification:

(5) Accounts receivable and contract assets from top five borrowers classified based on the ending balance

Unit: RMB

Company name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in the total ending balance of accounts receivable and contract assets	Ending balance of bad debt reserves for accounts receivable and impairment provision for contract assets
No. 1	190,604,915.22		190,604,915.22	42.84%	0.00
No. 2	53,110,351.55		53,110,351.55	11.94%	0.00
No. 3	21,619,456.17		21,619,456.17	4.86%	0.00
No. 4	12,446,914.43		12,446,914.43	2.80%	622,345.72
No. 5	10,930,892.19		10,930,892.19	2.46%	860,801.12
Total	288,712,529.56		288,712,529.56	64.90%	1,483,146.84

2. Other receivables

Unit: RMB

Item	Ending Balance	Beginning Balance
Interest receivable	46,922.03	46,922.03
Other receivables	31,272,024.39	28,421,132.37
Total	31,318,946.42	28,468,054.40

(1) Interest receivable

1) Classification of interest receivable

Unit: RMB

Item	Ending Balance	Beginning Balance
Interest on related party loans	46,922.03	46,922.03
Total	46,922.03	46,922.03

2) Significant overdue interest

Unit: RMB

Borrower	Ending Balance	Overdue time	Overdue reason	Whether impairment occurred and its judgment basis
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Other explanations:

3) Disclosure by bad debt accrual method Applicable Not applicable**4) Bad debt reserves withdrawn, recovered or reversed in the current period**

Unit: RMB

Category	Beginning Balance	Current period change amount				Ending Balance
		Provision	Return or reversal	Write-off or cancellation	Other changes	

The amount of bad debt reserves recovered or reversed in the current period is significant:

Unit: RMB

Company name	Accounts recovered or transferred back	Reason for reversal	Recovery method	The basis and rationality for determining the provision ratio of original bad debt reserves
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Other explanations:

5) Interests receivable actually written off in the current period

Unit: RMB

Item	Write-off amount
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Information on important interests receivable verification

Unit: RMB

Company name	Payment nature	Write-off amount	Write-off reason	Verification and cancellation programs that have been performed	Whether the payment is incurred due to related transactions
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Description of writing off:

Other explanations:

(2) Other receivables**1) Classification of other receivables based on nature of payment**

Unit: RMB

Payment nature	Closing book balance	Opening book balance
Current account	24,850,391.28	15,954,593.23
Guarantee deposit	1,535,580.19	2,035,338.71
Reserve funds and loans	1,276,794.46	1,572,655.42
Collection and payment on behalf of others	1,297,439.64	2,180,706.91
Withholding and remitting of social security and housing fund	512,420.85	723,607.47
Export tax refund	2,120,766.74	5,921,725.86
Others	102,031.90	51,379.06
Total	31,695,425.06	28,440,006.66

2) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	24,360,083.45	16,527,198.43
1-2 years	3,434,342.81	920,284.48
2-3 years	201,703.90	8,880,717.85
Over 3 years	3,699,294.90	2,111,805.90
3-4 years	52,753.00	388,876.50
4-5 years	563,755.71	249,210.72
Over 5 years	3,082,786.19	1,473,718.68
Total	31,695,425.06	28,440,006.66

3) Disclosure by bad debt accrual method

Unit: RMB

Category	Ending Balance					Beginning Balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Proportion	Amount	Accrual proportion		Amount	Proportion	Amount	Accrual proportion	
Bad debt reserve made individually	386,000.00	1.22%	386,000.00	100.00%	0.00	0.00	0.00%	0.00	0.00%	0.00
Including:										
Bad debt reserve made by portfolio	31,309,425.06	98.78%	37,400.67	0.12%	31,272,024.39	28,440,006.66	100.00%	18,874.29	0.07%	28,421,132.37
Including:										
Related party portfolio	24,850,391.28	78.40%		0.00%	24,850,391.28	15,577,107.52	54.77%			15,577,107.52

Portfolio of deposits, security deposits, employee loans, etc.	6,085,027.07	19.20%		0.00%	6,085,027.07	12,485,413.43	43.90%			12,485,413.43
Aging portfolio	374,006.71	1.18%	37,400.67	10.00%	336,606.04	377,485.71	1.33%	18,874.29	5.00%	358,611.42
Total	31,695,425.06	100.00%	423,400.67	1.34%	31,272,024.39	28,440,006.66	100.00%	18,874.29	0.07%	28,421,132.37

Bad debt reserve made individually: 386,000.00

Unit: RMB

Name	Beginning Balance		Ending Balance			
	Book balance	Bad debt reserve	Book balance	Bad debt reserve	Accrual proportion	Reasons for provision
Wuhan ZKTeco Perception Technology Co., Ltd.	0.00	0.00	386,000.00	386,000.00	100.00%	Expected non-recoverable
Total	0.00	0.00	386,000.00	386,000.00		

Bad debt reserve made by portfolio: 37,400.67

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
Related party portfolio	24,850,391.28		
Portfolio of deposits, security deposits, employee loans, export tax refunds, etc.	6,085,027.07		
Aging portfolio	374,006.71	37,400.67	10.00%
Total	31,309,425.06	37,400.67	

Description of the basis for determining the portfolio:

Bad debt reserve made by portfolio: aging portfolio

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion
1-2 years	374,006.71	37,400.67	10.00%
Total	374,006.71	37,400.67	

Description of the basis for determining the portfolio:

Bad debt reserve made by portfolio:

Unit: RMB

Name	Ending Balance		
	Book balance	Bad debt reserve	Accrual proportion

Description of the basis for determining the portfolio:

Provision for bad debt reserve based on a general model of expected credit losses:

Unit: RMB

Bad debt reserve	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Expected credit loss within whole duration (no credit impairment occur)	Expected credit loss within whole duration (credit impairment has occurred)	
Balance as of January 1, 2025	18,874.29			18,874.29
Balance as of January 1, 2025 in the current period				
Provision in current period	-18,874.29	37,400.67	6,998,300.00	7,016,826.38
Canceled after verification in the current period			6,612,300.00	6,612,300.00
Balance as of December 31, 2025		37,400.67	386,000.00	423,400.67

Classification basis and bad debt reserve provision ratio for each stage

Changes in book balance with major changes in loss reserves during the current period

Applicable Not applicable

4) Bad debt reserves withdrawn, recovered or reversed in the current period

Provision for bad debt reserves in current period:

Unit: RMB

Category	Beginning Balance	Current period change amount				Ending Balance
		Provision	Return or reversal	Write-off or cancellation	Others	
Bad debt reserve made individually		6,998,300.00		6,612,300.00		386,000.00
Bad debt reserve made by portfolio	18,874.29	18,526.38				37,400.67
Total	18,874.29	7,016,826.38		6,612,300.00		423,400.67

5) Other accounts receivable actually written off in the current period

Unit: RMB

Item	Write-off amount
Other receivables actually written off	6,612,300.00

Other major receivable written off:

Unit: RMB

Company name	Nature of other accounts receivable	Write-off amount	Write-off reason	Verification and cancellation programs that have been performed	Whether the payment is incurred due to related transactions
Wuhan ZKTeco Perception Technology Co., Ltd.	Current account	6,580,000.00	Nonrecoverable	Bad debt write off process	Yes
Total		6,580,000.00			

Description for writing off other receivables:

6) Other accounts receivable with the top five ending balances collected by the debtor

Unit: RMB

Company name	Nature of payment	Ending Balance	Aging	Proportion to the total ending balance of other accounts receivable	Ending balance of bad debt reserve
ZKTeco (Guangdong) Co., Ltd.	Current account	20,910,776.31	Within 1 year, 1-2 years	65.97%	
Export tax refund	Export tax refund	2,120,766.74	Within 1 year	6.69%	
ZKCserv Technology Limited Co., Ltd.	Current account	1,780,000.00	Over 5 years	5.62%	
Hubei ZKTeco Co., Ltd.	Current account	512,153.55	Within 1 year, 1-2 years, 4-5 years, more than 5 years	1.62%	
Dalian ZKTeco Co., Ltd.	Current account	505,119.47	Within 1 year, 1-2 years	1.59%	
Total		25,828,816.07		81.49%	

3. Long-term equity investment

Unit: RMB

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	1,813,674,231.01	0.00	1,813,674,231.01	1,336,607,464.41	0.00	1,336,607,464.41
Investment in affiliated and joint ventures	23,639,890.26	0.00	23,639,890.26	23,760,577.92	0.00	23,760,577.92
Total	1,837,314,121.27	0.00	1,837,314,121.27	1,360,368,042.33	0.00	1,360,368,042.33

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Beginning balance of impairment provision	Increase or decrease in the current period				Ending balance (book value)	Ending balance of impairment provision
			Additional investment	Reduced investment	Impairment provision	Others		
Shenzhen ZKTeco Biometric Identification Technology Co., Ltd.	12,608,518.14	0.00				28,232.87	12,636,751.01	
Hangzhou ZKTeco Hanlian E-commerce Co., Ltd.	2,103,348.40	0.00				3,881.11	2,107,229.51	
ZKTECO CO., LIMITED	197,126,656.03	0.00	44,652,341.85			133,934.43	241,912,932.31	
Xiamen ZKTeco Co., Ltd.	107,075,312.69	0.00				2,271,463.80	109,346,776.49	
ZKTeco (Guangdong) Co., Ltd.	806,159,928.79	0.00				5,976,855.80	812,136,784.59	
ZKTeco Sales Co., Ltd.	21,523,355.44	0.00				56,465.72	21,579,821.16	
Xiamen Zkteco Biometric Identification Technology Co., Ltd.	38,986,734.80	0.00					38,986,734.80	
ZKCserv Technology Limited Co., Ltd.	510,000.00	0.00					510,000.00	
Dalian ZKTeco Co., Ltd.	4,232,906.90	0.00				79,052.01	4,311,958.91	
Xi'an ZKTeco Co., Ltd.	518,684.81	0.00				141,986.25	660,671.06	
Hubei ZKTeco Co., Ltd.	3,518,105.76	0.00				118,578.02	3,636,683.78	
ZKTECO SG INVESTMENT PTE.LTD.	137,943,912.65	0.00	2,705,525.56				140,649,438.21	
ZKTeco Cloud Brain-Computer (Hangzhou) Technology Co., Ltd.	4,300,000.00	0.00	4,300,000.00			248,449.18	8,848,449.18	
Shenzhen Longzhiyuan Technology Co., Ltd.		0.00	416,350,000.00				416,350,000.00	

Total	1,336,607,464.41	0.00	468,007,867.41			9,058,899.19	1,813,674,231.01	
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(2) Investment in affiliated and joint ventures

Unit: RMB

Investee	Beginning balance (book value)	Beginning balance of impairment provision	Increase or decrease in the current period								Ending balance (book value)	Ending balance of impairment provision
			Additional investment	Reduced investment	Investment gains or losses recognized under equity method	Other comprehensive income adjustments	Changes in other equities	Cash dividends or profits declared to pay	Impairment provision	Others		
I. Joint ventures												
II. Joint venture												
Xiamen Xingniu Yunyu Venture Capital Partnership Enterprise (Limited Partnership)	23,760,577.92				-120,687.66						23,639,890.26	
Subtotal	23,760,577.92				-120,687.66						23,639,890.26	
Total	23,760,577.92				-120,687.66						23,639,890.26	

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not applicable

Reasons for significant discrepancies between the above information and the information or external information used in impairment tests of previous years

Reasons for significant discrepancies between the information used in the Company's impairment tests of previous year and the actual situation of that year

(3) Other descriptions

Other changes in this period resulted from the implementation of the employee stock ownership plan and the grant of Class II restricted shares equity incentives to incentive personnel of its subsidiaries, totaling RMB 9,058,899.19.

4. Operating revenue and operating cost

Unit: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	771,775,017.19	537,266,589.97	1,331,085,325.63	1,020,838,497.53
Other businesses	33,355,809.54	23,589,110.24	12,818,559.01	10,164,768.69
Total	805,130,826.73	560,855,700.21	1,343,903,884.64	1,031,003,266.22

Breakdown information of operating revenue and operating costs:

Unit: RMB

Contract classification	Division 1		Division 2				Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type								
Including:								
Smart office					39,041,464.13	25,836,216.86	39,041,464.13	25,836,216.86
Smart space					647,409,035.50	435,696,898.63	647,409,035.50	435,696,898.63
Digital identity authentication					67,317,173.13	59,178,322.51	67,317,173.13	59,178,322.51
Smart business					18,007,344.43	16,555,151.97	18,007,344.43	16,555,151.97
Others					33,355,809.54	23,589,110.24	33,355,809.54	23,589,110.24
Classification by region of operation								
Including:								
Domestic sales					331,792,330.98	270,434,298.28	331,792,330.98	270,434,298.28
Overseas sales					473,338,495.75	290,421,401.93	473,338,495.75	290,421,401.93
Market or customer type								
Including:								
Type of contract								
Including:								
Classification by time of transfer of goods								
Including:								
Classification by contract term								
Including:								

Classification by sales channel								
Including:								
Total					805,130,826.73	560,855,700.21	805,130,826.73	560,855,700.21

5. Investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from long-term equity investment accounted with cost method	19,000,000.00	16,000,000.00
Long-term equity investment income accounted by equity method	-120,687.66	-239,422.08
Investment income during the holding of trading financial assets	2,342,987.00	442,077.81
Gains from remeasuring the remaining equity at fair value after loss of control		-5,100,000.00
Forward foreign exchange settlement and sales contract	285,803.23	68,155.00
Total	21,508,102.57	11,170,810.73

XIX. Supplementary Information

1. Detailed statement of non-recurring profits and losses in the current period

 Applicable Not applicable

Unit: RMB

Item	Amount	Remarks
Losses and gains from disposal of non-current assets	-616,071.00	
Government subsidies included in current profits and losses (except those closely related to the normal business of the Company, which are in line with national policies and regulations, enjoyed according to determined standards, and have a continuous impact on the Company's profits and losses)	3,429,031.25	
Profits and losses from fair value changes arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as the gains and losses arising from the	18,783,279.32	Mainly due to investment income and fair value changes generated by financial products

disposal of financial assets and financial liabilities except for effective hedging business related to the normal operation of the Company		
Capital occupancy fees charged to non-financial enterprises included in current profits and losses	0.00	
Reversal of the provision on receivables with impairment test conducted on an individual basis	222,847.35	
Other non-operating revenue and expenses other than the above items	-2,290,959.80	
Less: income tax impact	1,867,993.80	
Minority interest impact (after tax)	186,441.90	
Total	17,473,691.42	--

Details of other profit and loss items that meet the definition of non-recurring profits and losses:

Applicable Not applicable

The Company has no specific situation of other profit and loss items that meet the definition of non-recurring profits and losses.

Description on defining the non-recurring profit and loss items listed in the "Explanatory Announcement for Information Disclosure by Companies that Issue Securities to the Public No. 1 - Non-recurring Profits and Losses" as recurring profit and loss items

Applicable Not applicable

2. Net return on assets and EPS

Profit during the reporting period	Weighted average return on net assets	EPS	
		Basic EPS (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to ordinary shareholders of the Company	6.30%	0.9186	0.9149
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	5.79%	0.8438	0.8405

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

Applicable Not applicable

(2) Differences in net profit and net assets in financial reports disclosed in accordance with foreign accounting standards and Chinese accounting standards

Applicable Not applicable

(3) Description of the reasons for differences in accounting data under domestic and foreign accounting standards. If differences in data audited by an overseas audit institution have already been adjusted, the name of the overseas institution shall be indicated

Applicable Not applicable

4. Others