

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

# 美团 Meituan

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3690)

## ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

The Board of Directors (the “**Board**”) of Meituan 美团 (the “**Company**”) is pleased to announce the audited consolidated results of the Company for the year ended December 31, 2021. These results have been audited by the Auditor in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

In this announcement, “we”, “us”, and “our” refer to the Company.

### KEY HIGHLIGHTS

#### Financial Summary

	Unaudited Three Months Ended				Year-over- year change
	December 31, 2021		December 31, 2020		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	49,523,133	100.0%	37,917,504	100.0%	30.6%
Operating loss	(5,005,856)	(10.1%)	(2,852,696)	(7.5%)	75.5%
Loss for the period	(5,339,151)	(10.8%)	(2,244,292)	(5.9%)	137.9%
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	(2,009,748)	(4.1%)	(589,128)	(1.6%)	241.1%
Adjusted net loss	(3,935,732)	(7.9%)	(1,436,520)	(3.8%)	174.0%

	Year Ended				Year-over- year change
	December 31, 2021		December 31, 2020		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	179,127,997	100.0%	114,794,510	100.0%	56.0%
Operating (loss)/profit	(23,127,199)	(12.9%)	4,330,102	3.8%	NA
(Loss)/profit for the year	(23,536,198)	(13.1%)	4,707,612	4.1%	NA
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	(9,694,076)	(5.4%)	4,737,837	4.1%	NA
Adjusted net (loss)/profit	(15,571,500)	(8.7%)	3,120,605	2.7%	NA

## Financial Information by Segment

### Unaudited Three Months Ended December 31, 2021

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	14,254,546	–	–	–	14,254,546
Commission	7,768,614	4,066,205	2,325,479	–	14,160,298
Online marketing services	3,223,472	4,636,167	322,990	–	8,182,629
Other services and sales (including interest revenue)	880,009	20,055	12,025,596	–	12,925,660
<b>Total revenues</b>	<b>26,126,641</b>	<b>8,722,427</b>	<b>14,674,065</b>	<b>–</b>	<b>49,523,133</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(24,391,064)</b>	<b>(4,825,411)</b>	<b>(24,879,303)</b>	<b>(433,211)</b>	<b>(54,528,989)</b>
Including: Food delivery related costs	(18,306,347)	–	–	–	(18,306,347)
<b>Operating (loss)/profit</b>	<b>1,735,577</b>	<b>3,897,016</b>	<b>(10,205,238)</b>	<b>(433,211)</b>	<b>(5,005,856)</b>

### Unaudited Three Months Ended December 31, 2020

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	12,664,562	–	–	–	12,664,562
Commission	6,029,499	3,581,958	1,733,424	–	11,344,881
Online marketing services	2,441,964	3,538,844	79,875	–	6,060,683
Other services and sales (including interest revenue)	401,960	14,558	7,430,860	–	7,847,378
<b>Total revenues</b>	<b>21,537,985</b>	<b>7,135,360</b>	<b>9,244,159</b>	<b>–</b>	<b>37,917,504</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(20,655,633)</b>	<b>(4,313,425)</b>	<b>(15,246,990)</b>	<b>(554,152)</b>	<b>(40,770,200)</b>
Including: Food delivery related costs	(16,252,764)	–	–	–	(16,252,764)
<b>Operating (loss)/profit</b>	<b>882,352</b>	<b>2,821,935</b>	<b>(6,002,831)</b>	<b>(554,152)</b>	<b>(2,852,696)</b>

<sup>1</sup> Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

	Year-over-year change				Total
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	
	<i>(Percentages %)</i>				
<b>Revenues:</b>					
Food delivery services	12.6	NA	NA	NA	12.6
Commission	28.8	13.5	34.2	NA	24.8
Online marketing services	32.0	31.0	304.4	NA	35.0
Other services and sales (including interest revenue)	118.9	37.8	61.8	NA	64.7
<b>Total revenues</b>	<b>21.3</b>	<b>22.2</b>	<b>58.7</b>	<b>NA</b>	<b>30.6</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>18.1</b>	<b>11.9</b>	<b>63.2</b>	<b>(21.8)</b>	<b>33.7</b>
Including: Food delivery related costs	12.6	NA	NA	NA	12.6
<b>Operating (loss)/profit</b>	<b>96.7</b>	<b>38.1</b>	<b>70.0</b>	<b>(21.8)</b>	<b>75.5</b>

	Year Ended December 31, 2021				Total
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	54,203,640	–	–	–	54,203,640
Commission	28,547,274	15,798,936	8,558,547	–	52,904,757
Online marketing services	11,434,933	16,667,421	982,816	–	29,085,170
Other services and sales (including interest revenue)	2,125,931	63,968	40,744,531	–	42,934,430
<b>Total revenues</b>	<b>96,311,778</b>	<b>32,530,325</b>	<b>50,285,894</b>	<b>–</b>	<b>179,127,997</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(90,137,137)</b>	<b>(18,437,212)</b>	<b>(88,679,789)</b>	<b>(5,001,058)</b>	<b>(202,255,196)</b>
Including: Food delivery related costs	(68,183,267)	–	–	–	(68,183,267)
<b>Operating (loss)/profit</b>	<b>6,174,641</b>	<b>14,093,113</b>	<b>(38,393,895)</b>	<b>(5,001,058)</b>	<b>(23,127,199)</b>

<sup>1</sup> Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

Year Ended December 31, 2020

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(RMB in thousands)</i>				
<b>Revenues:</b>					
Food delivery services	39,116,411	–	–	–	39,116,411
Commission	18,502,868	10,193,162	5,428,154	–	34,124,184
Online marketing services	7,565,111	11,018,337	324,597	–	18,908,045
Other services and sales (including interest revenue)	1,080,929	40,899	21,524,042	–	22,645,870
<b>Total revenues</b>	<b>66,265,319</b>	<b>21,252,398</b>	<b>27,276,793</b>	<b>–</b>	<b>114,794,510</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(63,431,950)</b>	<b>(13,071,465)</b>	<b>(38,131,789)</b>	4,170,796	<b>(110,464,408)</b>
Including: Food delivery related costs	(49,291,318)	–	–	–	(49,291,318)
<b>Operating (loss)/profit</b>	<b>2,833,369</b>	<b>8,180,933</b>	<b>(10,854,996)</b>	4,170,796	<b>4,330,102</b>

Year-over-year change

	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items <sup>1</sup>	Total
	<i>(Percentages %)</i>				
<b>Revenues:</b>					
Food delivery services	38.6	NA	NA	NA	38.6
Commission	54.3	55.0	57.7	NA	55.0
Online marketing services	51.2	51.3	202.8	NA	53.8
Other services and sales (including interest revenue)	96.7	56.4	89.3	NA	89.6
<b>Total revenues</b>	<b>45.3</b>	<b>53.1</b>	<b>84.4</b>	<b>NA</b>	<b>56.0</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>42.1</b>	41.0	132.6	NA	83.1
Including: Food delivery related costs	38.3	NA	NA	NA	38.3
<b>Operating (loss)/profit</b>	<b>117.9</b>	<b>72.3</b>	<b>253.7</b>	<b>NA</b>	<b>NA</b>

<sup>1</sup> Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

## Operating Metrics

	<b>Twelve Months Ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Number of Transacting Users	<b>690.5</b>	510.6	35.2%
Number of Active Merchants	<b>8.8</b>	6.8	29.2%
	<i>(units, except for percentages)</i>		
Average number of transactions per annual Transacting User	<b>35.8</b>	28.1	27.2%
	<b>Three Months Ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Gross Transaction Volume of food delivery	<b>188,620.8</b>	156,287.3	20.7%
Number of food delivery transactions <sup>2</sup>	<b>3,910.6</b>	3,331.3	17.4%
Number of domestic hotel room nights	<b>115.3</b>	119.7	(3.7%)
	<b>Year Ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-over- year change
	<i>(in millions, except for percentages)</i>		
Gross Transaction Volume of food delivery	<b>702,057.4</b>	488,851.2	43.6%
Number of food delivery transactions <sup>2</sup>	<b>14,367.6</b>	10,147.4	41.6%
Number of domestic hotel room nights	<b>476.9</b>	354.5	34.5%

<sup>2</sup> Our 1P model, for which we organize and provide food delivery services, accounts for about 67% of total number of food delivery transactions for all periods or years presented.

## **BUSINESS REVIEW AND OUTLOOK**

### **Company Financial Highlights**

In 2021, we upgraded our corporate strategy from “Food + Platform” to “Retail + Technology”, further expanding our product and service offerings to the broader retail, connecting with more market participants, and leveraging technology to facilitate advancement across industries. Our businesses growth remained strong, with total revenues increasing by 56.0% year over year to RMB179.1 billion in 2021. The aggregate operating profit for the food delivery and the in-store, hotel & travel segments reached RMB20.3 billion in 2021, up from RMB11.0 billion in 2020. Operating loss for the new initiatives and others segment expanded as we remained committed to business areas that would bring long-term value. Both adjusted EBITDA and adjusted net profit experienced year-over-year decrease and turned to negative RMB9.7 billion and adjusted net loss of RMB15.6 billion in 2021, respectively. Our net cash flows from operating activities turned to an outflow of RMB4.0 billion in 2021 from an inflow of RMB8.5 billion in 2020. We had cash and cash equivalents of RMB32.5 billion and short-term treasury investments of RMB84.3 billion as of December 31, 2021, compared to the balances of RMB17.1 billion and RMB44.0 billion as of December 31, 2020, respectively.

### **Company Business Highlights**

#### ***Food delivery***

Despite challenges from the macro environment, natural disasters and sporadic COVID-19 outbreaks, our food delivery business achieved strong growth in 2021. Annual Transacting Users and average transaction frequency broke record highs. Our peak daily order volume exceeded 50 million in August and subsequently reached historic highs again in December. GTV increased by 43.6% year over year to RMB702.1 billion, and revenue increased by 45.3% year over year to RMB96.3 billion in 2021. Operating profit increased to RMB6.2 billion in 2021 from RMB2.8 billion in 2020, while operating margin increased to 6.4% from 4.3%. Our solid business performance in 2021 was a testament to our resilient business model and competitive strength in consumer base, merchant base and delivery network.

For the fourth quarter of 2021, GTV of our food delivery business increased by 20.7% year over year to RMB188.6 billion, with daily average order volume increasing by 17.4% year over year to 42.5 million. Our revenues from food delivery business increased by 21.3% year over year to RMB26.1 billion. Operating profit from our food delivery business increased to RMB1.7 billion for the fourth quarter of 2021 from RMB882.4 million for the fourth quarter of 2020, while operating margin increased to 6.6% from 4.1%, primarily attributable to higher portion of online marketing services revenue and lower seasonal courier incentives.

We are glad to see that food delivery has become an essential service for consumers. We have not only diversified selections for consumers, but also continued to identify the evolving consumption trend and to promote the growth of new consumption categories. Categories such as late-night snacks, milk tea, salads and light meals witnessed notable growth during the year. The increase in supply effectively incentivized higher order volume from the mid- and high-frequency users. As a result, food delivery annual Transacting Users increased by 13% year over year, and annual average transaction frequency increased by 25% year over year. The growth demonstrates consumers’ ongoing trust in our platform and their recognition of food delivery as an indispensable service in daily life.

On the merchant side, we continued to help millions of restaurants digitize their business operations through comprehensive services and online marketing tools, bringing additional business volumes to help merchants generate income under this challenging environment. An increasing number of merchants used our online marketing products and stepped up in their online promotions given the effectiveness of boosting consumer demand. We make our utmost efforts to understand our merchants' pain points and address their issues, as it is crucial for us to provide support and create value for them. In May 2021, we rolled out a new fee structure that splits fee charged from merchants into a technology service fee, which is the commission revenue, and a food delivery services fee. The new fee structure promotes more transparent pricing and clearer cost structures, and benefits the majority of the small- and medium-sized merchants on our platform. Starting from the fourth quarter of 2021, we separately disclosed the food delivery services revenue to reflect this new fee structure in our financial results.

For the twelve months ended December 31, 2021, around 5.27 million food delivery couriers earned income through our Meituan platform. We continued to promote our "Tongzhou Project" to ensure proper rights and interests of food delivery couriers, and prioritized enhancing courier experience and creating a positive ecosystem. To better understand the couriers' needs, we held 136 courier feedback sessions in 2021. We continued to optimize our algorithms and rules taking into account the couriers' feedback. For example, we changed the display of estimated delivery time of each order from a point of time to an extended period of time, alleviating pressure of couriers during delivery. In some regions, we launched various pilot programs, such as only scheduling courier pickup after meals are ready to reduce the wait time and reassigning orders to other couriers in unexpected situations. These measures help dispatch orders to couriers in a more thoughtful manner while ensuring their safety, and enable couriers to earn relatively higher income with more reasonable workload. We also worked with our delivery partners to launch a pilot scheme to optimize the service quality assessment mechanism, which changes the practice of income reduction due to consumer bad reviews or late delivery into point reduction for the couriers, so that they can make up for the loss of points through other performance and activities. The couriers' monthly rewards are linked to the accumulated points of the month. This optimized scheme effectively mitigates financial impacts on couriers due to occasional, unexpected situations, while ensuring consumer experience simultaneously. In the adverse weather conditions in the fourth quarter, we increased courier incentives and distributed one million pieces of cold protection apparel to couriers in affected markets. We also provided free accommodations and quarantine subsidies for couriers who were affected by the COVID control measures. Furthermore, we continued to implement various charity programs that offer support for thousands of couriers' families. We provided couriers with full scholarships, allowing them to undertake further education and receive a higher degree without financial burden. In the meantime, we are actively cooperating with the arrangements of the pilot program that provides couriers with occupational injury insurance, under the guidance of the relevant authorities. We will fulfill our corporate responsibilities, ensure that the pilot program meets the planned timeline, and cover all expenses for participating couriers. Going forward, we plan to provide couriers with a more comprehensive welfare scheme and worker benefits, along with continued improvement on their sense of fulfillment and well-being.

### ***In-store, hotel & travel***

Despite the negative impacts from sporadic COVID-19 outbreaks and macro environment, our in-store, hotel & travel segment still achieved solid growth. During the year, we continued to bring broader consumption categories to cope with the ever-evolving demands from consumers, while onboarding more merchants and introducing diverse online solutions to the merchants. As a result, revenues from the in-store, hotel & travel businesses increased by 53.1% year over year to RMB32.5 billion in 2021. Operating profit from the in-store, hotel & travel businesses increased to RMB14.1 billion in 2021 from RMB8.2 billion in 2020, while operating margin increased to 43.3% from 38.5%.

For the fourth quarter of 2021, revenues from our in-store, hotel & travel businesses increased by 22.2% year over year to RMB8.7 billion. Operating profit for the segment increased to RMB3.9 billion from RMB2.8 billion for the fourth quarter of 2020, while operating margin increased to 44.7% from 39.5%, due to change in revenue mix.

For in-store, our transaction volume, GTV, and annual active merchants all reached record highs. We deepened penetration into lower-tier cities in China with broader coverage scope, and helped accelerate the digitization process in these under-served markets. Categories such as leisure and entertainment, sports, elderly care, medical care, and pet care demonstrated strong growth momentum, while categories such as handicraft activities, music recording, interactive light shows, and stress relief emerged as a new consumption trend. Moreover, we continued to introduce tailored products and services for merchants from different categories, helping them improve online operations. On the consumer side, we not only offered increasingly convenient and diverse products, but also effectively stimulated consumption through various marketing and promotional campaigns during holiday seasons, which further strengthened consumer mindshare of Meituan as the “go-to destination for local services”.

For hotel & travel, although regional COVID-19 outbreaks and strict travel restrictions brought negative impact, we still withstood the challenges and helped hotel merchants recover. In 2021, our domestic hotel room nights grew 34.5%, thanks to the industry recovery and our strategic focus on the domestic travel market, local accommodations, and short-haul travel scenarios. In addition, we solidified our competitive advantage in the low-star domain, bringing offline users to our online platform, and helping more hotel merchants digitize operations. For high-star hotels, room nights contribution exceeded 16.5% in 2021, thanks to our continued improvement in high-star supply and consumer service quality.

### ***New initiatives and others***

We continued to expand investments in new initiatives, especially in goods retail, as we upgraded to the “Retail + Technology” strategy. Revenues from the new initiatives and others segment increased by 84.4% year over year to RMB50.3 billion in 2021. Operating loss from new initiatives and others segment expanded to RMB38.4 billion in 2021 from RMB10.9 billion in 2020, while operating margin decreased 36.6 percentage points year over year.

For the fourth quarter of 2021, revenues from the new initiatives and others segment increased by 58.7% year over year to RMB14.7 billion. Operating loss for the segment increased year over year to RMB10.2 billion for the fourth quarter of 2021, while the operating margin improved to negative 69.5% sequentially.

For Meituan Select, thanks to clear regulatory guidance and positive market environment, we achieved healthy growth as a major market player. We continually iterated our business model and actively built up various aspects of our long-term capabilities. By continually optimizing our operations at different nodes, we improved operating efficiency and unit economics throughout 2021. The three-level logistics network system established by Meituan Select, which fulfills next-day pick-up orders, now covers the majority of neighborhoods and villages in 30 provinces across China. We continued to provide larger and more diverse SKU offerings while improving delivery efficiency and reliability. The launch of our fresh produce direct sourcing program allowed us to effectively match production and demand through both centralized and demand-based procurement process, in turn generating additional revenues for farmers. Residents in rural areas also have more convenient access to abundant and value-for-money daily necessities that previously only urban residents could obtain, eliminating the urban-rural consumption gap and further empowering modern agriculture. We launched a growth scheme for new agricultural merchants to help them continually improve cultivation techniques and provide vocational training in rural areas, focusing on e-commerce skills and operations. Meituan Select also provides a

large number of flexible jobs for pick-up station managers, and creates an increasing number of job opportunities in logistics, warehousing, and processing. Thanks to our rapidly built supply chain and logistics system, the Meituan Select team actively responded to the government's call for assistance in Zhengzhou, Xi'an, and other cities affected by COVID-19 and natural disasters, providing a reliable supply of necessities to people in need. Looking forward, strictly adhering to regulatory requirements is our top priority, as we continue to strive for balanced, high-quality growth. We will focus on developing our own capabilities, while enhancing consumer experiences.

Meituan Instashopping delivered another stellar growth in 2021, with highest daily order volume exceeding 6.3 million in December 2021. Leveraging our location-based e-commerce platform and on-demand delivery network, we offered consumers diverse selections of retail goods and convenient on-demand delivery services, and successfully converted a large number of high-quality food delivery users into Meituan Instashopping users. On the supply side, we expanded product categories and collaborated with more high-quality local stores. We provided local retailers with comprehensive suites of online solutions and tools, effectively helping the store owners digitize operations and improve efficiency. As a result, categories such as flowers, supermarkets and convenience stores maintained high growth momentum. Earlier this year, we rolled out the 24/7 medicine delivery services and received positive feedbacks from consumers, as it addressed consumers' urgent needs for medicine. We firmly believe that the endgame of the retail industry is "Everything Now", and we will continue to leverage our strengths and capabilities to facilitate such transformation.

For Meituan Grocery, we continued to grow our user base and GTV in 2021. After completing coverage in four existing tier-one cities, we provided more diverse SKU selections and better experience for consumers. We also optimized our product structure, enhanced warehousing and logistics capabilities, and refined operations at front-end distribution centers, which altogether led to continued improvement in efficiency and unit economies.

## **Company Outlook and Strategy for 2022**

As we entered 2022, we still face challenges from COVID control measures and weakening consumption environment. Nevertheless, we are confident that we will be able to navigate through hard times and obstacles and achieve healthy growth, as we continue to strengthen our fundamental capabilities for the long term. With regard to our food delivery and in-store, hotel & travel segments, we will focus on high-quality growth, enhance user experience for both consumers and merchants, solidify our competitive advantage, and constantly improve operating efficiency. Meanwhile, we remain committed to facilitating the digital transformation process across industries, and will place additional emphasis on the long-term value creation and social responsibility fulfillment along the journey. Furthermore, we will continue to implement the upgraded "Retail + Technology" strategy, better help small and micro merchants to cope with difficult times, bring more convenience to people's lives, and in particular, provide reliable supply of daily necessities for people in the affected areas by the pandemic. As our goods retail business grows, we expand our network of partners, from mainly urban- and county-based merchants to rural-based "new farmers". We will commit our support in promoting "rural revitalization", and will bring high quality products and services to tens of thousands of villages in China. In addition, we will continue to create a wide range of job opportunities while placing particular emphasis on the welfare and needs of flexible workers. Particularly, for our food delivery couriers, we will always take their rights and interests as top priority, and make our best efforts in improving their welfare and benefits. Last but not least, we will continue to leverage technology and innovations to bring more value for all the market participants, and contribute to the high quality development of digital economy.

## MANAGEMENT DISCUSSION AND ANALYSIS

### The Fourth Quarter of 2021 Compared to the Fourth Quarter of 2020

The following table sets forth the comparative figures for the fourth quarter of 2021 and 2020:

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>49,523,133</b>	37,917,504
Including: Interest revenue	<b>238,175</b>	252,335
Cost of revenues	<b>(37,540,530)</b>	(28,461,795)
<b>Gross profit</b>	<b>11,982,603</b>	9,455,709
Selling and marketing expenses	<b>(11,239,904)</b>	(7,675,340)
Research and development expenses	<b>(4,581,961)</b>	(3,249,199)
General and administrative expenses	<b>(2,435,083)</b>	(1,950,943)
Net provisions for impairment losses on financial and contract assets	<b>(52,489)</b>	(54,187)
Fair value changes of other financial investments at fair value through profit or loss	<b>726,955</b>	(661,883)
Other gains, net	<b>594,023</b>	1,283,147
<b>Operating loss</b>	<b>(5,005,856)</b>	(2,852,696)
Finance income	<b>157,174</b>	69,724
Finance costs	<b>(331,672)</b>	(149,735)
Share of (losses)/gains of investments accounted for using the equity method	<b>(163,855)</b>	117,398
<b>Loss before income tax</b>	<b>(5,344,209)</b>	(2,815,309)
Income tax credits	<b>5,058</b>	571,017
<b>Loss for the period</b>	<b>(5,339,151)</b>	(2,244,292)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(2,009,748)</b>	(589,128)
Adjusted net loss	<b>(3,935,732)</b>	(1,436,520)

## Revenues

As China encountered regional COVID-19 outbreaks during the fourth quarter of 2021, we experienced sequentially slower year-over-year revenue growth. Our revenues increased by 30.6% to RMB49.5 billion for the fourth quarter of 2021 from RMB37.9 billion for the same period of 2020. The increase was mainly driven by the slower yet steady revenue growth of our food delivery and in-store, hotel & travel segments, and strong revenue growth of our new initiatives especially the retail businesses.

The following table sets forth our revenues by segment and type in absolute amount for the fourth quarter of 2021 and 2020:

	<b>Unaudited</b>			
	<b>Three Months Ended December 31, 2021</b>			
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	14,254,546	–	–	14,254,546
Commission	7,768,614	4,066,205	2,325,479	14,160,298
Online marketing services	3,223,472	4,636,167	322,990	8,182,629
Other services and sales (including interest revenue)	880,009	20,055	12,025,596	12,925,660
<b>Total</b>	<b>26,126,641</b>	<b>8,722,427</b>	<b>14,674,065</b>	<b>49,523,133</b>
	<b>Unaudited</b>			
	<b>Three Months Ended December 31, 2020</b>			
	<b>Food delivery</b>	<b>In-store, hotel &amp; travel</b>	<b>New initiatives and others</b>	<b>Total</b>
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	12,664,562	–	–	12,664,562
Commission	6,029,499	3,581,958	1,733,424	11,344,881
Online marketing services	2,441,964	3,538,844	79,875	6,060,683
Other services and sales (including interest revenue)	401,960	14,558	7,430,860	7,847,378
<b>Total</b>	<b>21,537,985</b>	<b>7,135,360</b>	<b>9,244,159</b>	<b>37,917,504</b>

With the launch and wide adoption of a new fee structure for our food delivery merchants in 2021, we offer more flexibility in delivery methods and better transparency in pricing. We present the food delivery services revenue from both merchant side and consumer side for our 1P model, for which we organize and provide food delivery services, and the commission revenue purely represents the technology service fees from our merchants and third-party agent partners who use our food delivery platform. All the figures for comparative periods are presented in this way. Our revenues from the food delivery segment increased by 21.3% to RMB26.1 billion for the fourth quarter of 2021 from RMB21.5 billion for the same period of 2020. As we continually improved our membership program and diversified supply on our platform, the enlarged base of Transacting Users and higher order frequency resulted in the increase in GTV and thus the increase in revenues on a year-over-year basis.

Our revenues from the in-store, hotel & travel segment increased by 22.2% to RMB8.7 billion for the fourth quarter of 2021 from RMB7.1 billion for the same period of 2020. As we offered more variety and enhanced the quality of supply on our platform, and provided merchants with more online solutions, we were able to achieve steady growth in both GTV and online marketing Active Merchants, as well as a higher adoption rate of online marketing products by merchants, all of which drove the growth in commission revenue and online marketing services revenue.

Our revenues from the new initiatives and others segment increased by 58.7% to RMB14.7 billion for the fourth quarter of 2021 from RMB9.2 billion for the same period of 2020, mainly contributed by our retail businesses, B2B food distribution services and other new initiatives.

### ***Costs and Expenses***

The following table sets forth a breakdown of our costs and expenses by function for the periods indicated:

	Unaudited		Three Months Ended		Year-over-year change
	December 31, 2021		December 31, 2020		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
<i>(RMB in thousands, except for percentages)</i>					
<b>Costs and Expenses:</b>					
Cost of revenues	<b>37,540,530</b>	<b>75.8%</b>	28,461,795	75.1%	31.9%
Selling and marketing expenses	<b>11,239,904</b>	<b>22.7%</b>	7,675,340	20.2%	46.4%
Research and development expenses	<b>4,581,961</b>	<b>9.3%</b>	3,249,199	8.6%	41.0%
General and administrative expenses	<b>2,435,083</b>	<b>4.9%</b>	1,950,943	5.1%	24.8%
Net provisions for impairment losses on financial and contract assets	<b>52,489</b>	<b>0.1%</b>	54,187	0.1%	(3.1%)

### *Cost of Revenues*

Our cost of revenues increased by 31.9% to RMB37.5 billion for the fourth quarter of 2021 from RMB28.5 billion for the same period of 2020, and increased by 0.7 percentage points to 75.8% from 75.1% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to (i) an increase of RMB2.1 billion in food delivery related costs for our 1P model to RMB18.3 billion, which was in line with the increase in related number of transactions, and (ii) the expanded investment in our new initiatives. The increase in cost of revenues as a percentage of revenues was mainly due to the change in revenue mix as new initiatives with lower gross margin weighed heavier in our entire business portfolio.

### *Selling and Marketing Expenses*

Our selling and marketing expenses was RMB11.2 billion for the fourth quarter of 2021 and RMB7.7 billion for the same period of 2020, and increased by 2.5 percentage points to 22.7% from 20.2% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were primarily attributable to (i) the increase in marketing campaigns to support the growth of retail businesses and to enhance brand recognition, and (ii) the increase in employee benefits expenses driven by the increased number of employees due to our business development.

### *Research and Development Expenses*

Our research and development expenses increased to RMB4.6 billion for the fourth quarter of 2021 from RMB3.2 billion for the same period of 2020, and increased by 0.7 percentage points to 9.3% from 8.6% as a percentage of revenues on a year-over-year basis. The increases in both amount and as a percentage of revenues were primarily attributable to the increase in employee benefits expenses driven by the increased number of employees to support business and technology development.

### *General and Administrative Expenses*

Our general and administrative expenses increased to RMB2.4 billion for the fourth quarter of 2021 from RMB2.0 billion for the same period of 2020 and as a percentage of revenues remained flat on a year-over-year basis. The increase in amount was primarily attributable to the increase in employee benefits expenses.

### *Net Provisions for Impairment Losses on Financial and Contract Assets*

Our net provisions for impairment losses on financial and contract assets was RMB52.5 million for the fourth quarter of 2021, and remained flat on a year-over-year basis.

### *Fair Value Changes of Other Financial Investments at Fair Value Through Profit or Loss*

Our fair value changes of other financial investments at fair value through profit or loss was a gain of RMB727.0 million for the fourth quarter of 2021, compared to a loss of RMB661.9 million for the same period of 2020, mainly driven by the fluctuation in the stock price of certain listed entity we invested in.

### ***Other Gains, Net***

Our other gains, net for the fourth quarter of 2021 decreased by RMB689.1 million to RMB594.0 million compared to the same period of 2020, which was primarily due to a decrease in gains from investments.

### ***Operating Loss***

As a result of the foregoing, our operating loss and margin for the fourth quarter of 2021 was RMB5.0 billion and negative 10.1%, compared to operating loss and margin of RMB2.9 billion and negative 7.5% for the same period of 2020.

Operating (loss)/profit and margin by segment are set forth in the table below.

	Unaudited Three Months Ended				Year-over- year change
	December 31, 2021		December 31, 2020		
	As a percentage of revenues		As a percentage of revenues		
	Amount	Amount	Amount	Amount	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	1,735,577	6.6%	882,352	4.1%	96.7%
In-store, hotel & travel	3,897,016	44.7%	2,821,935	39.5%	38.1%
New initiatives and others	(10,205,238)	(69.5%)	(6,002,831)	(64.9%)	70.0%
Unallocated items	(433,211)	NA	(554,152)	NA	(21.8%)
<b>Total operating loss</b>	<b>(5,005,856)</b>	<b>(10.1%)</b>	<b>(2,852,696)</b>	<b>(7.5%)</b>	<b>75.5%</b>

Our operating profit from the food delivery segment increased by 96.7% to RMB1.7 billion for the fourth quarter of 2021 from RMB882.4 million for the same period of 2020 and operating margin increased by 2.5 percentage points to 6.6% from 4.1% on a year-over-year basis. The increase was primarily attributable to the increase in number of transactions, decrease in seasonal food delivery courier incentives and higher online marketing services revenue contribution.

Our operating profit from the in-store, hotel & travel segment increased by 38.1% to RMB3.9 billion for the fourth quarter of 2021 from RMB2.8 billion for the same period of 2020, mainly driven by revenue growth. Our operating margin for this segment increased by 5.2 percentage points to 44.7% from 39.5% on a year-over-year basis, primarily attributed to the improved marketing efficiency and change in revenue mix.

Our operating loss from the new initiatives and others segment expanded to RMB10.2 billion for the fourth quarter of 2021 from RMB6.0 billion for the same period of 2020, and our operating margin for this segment decreased by 4.6 percentage points to negative 69.5% from negative 64.9% on a year-over-year basis, driven by the continuous investment in our new initiatives to satisfy consumers' diverse needs in different consumption scenarios, especially the retail businesses with lower operating margin.

### ***Income Tax Credits***

We had income tax credits of RMB5.1 million for the fourth quarter of 2021, compared to income tax credits of RMB571.0 million for the same period of 2020. The change in profit status of certain entities resulted in higher income tax credits for the fourth quarter of 2020.

### ***Loss for the Period***

As a result of the foregoing, we had loss of RMB5.3 billion for the fourth quarter of 2021, compared to loss of RMB2.2 billion for the same period of 2020.

## The Fourth Quarter of 2021 Compared to the Third Quarter of 2021

The following table sets forth the comparative figures for the fourth quarter of 2021 and the third quarter of 2021:

	<b>Unaudited</b>	
	<b>Three Months Ended</b>	
	<b>December 31,</b>	<b>September 30,</b>
	<b>2021</b>	<b>2021</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>49,523,133</b>	48,829,370
Including: Interest revenue	<b>238,175</b>	245,039
Cost of revenues	<b>(37,540,530)</b>	(38,051,383)
<b>Gross profit</b>	<b>11,982,603</b>	10,777,987
Selling and marketing expenses	<b>(11,239,904)</b>	(11,388,227)
Research and development expenses	<b>(4,581,961)</b>	(4,715,550)
General and administrative expenses	<b>(2,435,083)</b>	(2,387,116)
Net provisions for impairment losses on financial and contract assets	<b>(52,489)</b>	(136,884)
Fair value changes of other financial investments at fair value through profit or loss	<b>726,955</b>	(117,990)
Other gains/(losses), net	<b>594,023</b>	(2,134,851)
<b>Operating loss</b>	<b>(5,005,856)</b>	(10,102,631)
Finance income	<b>157,174</b>	198,890
Finance costs	<b>(331,672)</b>	(369,942)
Share of (losses)/gains of investments accounted for using the equity method	<b>(163,855)</b>	273,237
<b>Loss before income tax</b>	<b>(5,344,209)</b>	(10,000,446)
Income tax credits	<b>5,058</b>	6,036
<b>Loss for the period</b>	<b>(5,339,151)</b>	(9,994,410)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(2,009,748)</b>	(4,061,659)
Adjusted net loss	<b>(3,935,732)</b>	(5,526,910)

## Revenues

Our revenues increased by 1.4% to RMB49.5 billion for the fourth quarter of 2021 from RMB48.8 billion for the third quarter of 2021. The increase was mainly driven by new initiatives and others.

The following table sets forth our revenues by segment and type in absolute amount for the fourth quarter of 2021 and the third quarter of 2021:

	Unaudited			Total
	Three Months Ended December 31, 2021			
	Food delivery	In-store, hotel & travel	New initiatives and others	
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	14,254,546	–	–	14,254,546
Commission	7,768,614	4,066,205	2,325,479	14,160,298
Online marketing services	3,223,472	4,636,167	322,990	8,182,629
Other services and sales (including interest revenue)	880,009	20,055	12,025,596	12,925,660
<b>Total</b>	<b>26,126,641</b>	<b>8,722,427</b>	<b>14,674,065</b>	<b>49,523,133</b>

	Unaudited			Total
	Three Months Ended September 30, 2021			
	Food delivery	In-store, hotel & travel	New initiatives and others	
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	14,674,501	–	–	14,674,501
Commission	8,083,678	4,124,543	2,211,138	14,419,359
Online marketing services	3,255,079	4,480,794	285,837	8,021,710
Other services and sales (including interest revenue)	471,385	15,991	11,226,424	11,713,800
<b>Total</b>	<b>26,484,643</b>	<b>8,621,328</b>	<b>13,723,399</b>	<b>48,829,370</b>

Our revenues from the food delivery segment decreased by 1.4% to RMB26.1 billion for the fourth quarter of 2021 from RMB26.5 billion for the third quarter of 2021. In addition to seasonality, the COVID-19 outbreaks during the fourth quarter adversely affected people's consumption needs, and cast negative impact on our Transacting User activity. Therefore, both our number of transactions and GTV decreased on a quarter-over-quarter basis.

Our revenues from the in-store, hotel & travel segment increased by 1.2% to RMB8.7 billion for the fourth quarter of 2021 from RMB8.6 billion for the third quarter of 2021. The increase in online marketing services revenue was driven by the increase in the number of Active Merchants. The decrease in commission revenue was mainly attributable to hotel and travel businesses, which was adversely affected by the COVID-19 outbreaks.

Our revenues from the new initiatives and others segment increased by 6.9% to RMB14.7 billion for the fourth quarter of 2021 from RMB13.7 billion for the third quarter of 2021, which was primarily driven by the continuing growth in retail businesses and B2B food distribution services.

### ***Costs and Expenses***

The following table sets forth a breakdown of our costs and expenses by function for the periods indicated:

	<b>Unaudited</b>				
	<b>Three Months Ended</b>				
	<b>December 31, 2021</b>		<b>September 30, 2021</b>		<b>Quarter-over-quarter change</b>
<b>Amount</b>	<b>As a percentage of revenues</b>	<b>Amount</b>	<b>As a percentage of revenues</b>		
<i>(RMB in thousands, except for percentages)</i>					
<b>Costs and Expenses:</b>					
Cost of revenues	<b>37,540,530</b>	<b>75.8%</b>	38,051,383	77.9%	(1.3%)
Selling and marketing expenses	<b>11,239,904</b>	<b>22.7%</b>	11,388,227	23.3%	(1.3%)
Research and development expenses	<b>4,581,961</b>	<b>9.3%</b>	4,715,550	9.7%	(2.8%)
General and administrative expenses	<b>2,435,083</b>	<b>4.9%</b>	2,387,116	4.9%	2.0%
Net provisions for impairment losses on financial and contract assets	<b>52,489</b>	<b>0.1%</b>	136,884	0.3%	(61.7%)

### ***Cost of Revenues***

Our cost of revenues decreased by 1.3% to RMB37.5 billion for the fourth quarter of 2021 from RMB38.1 billion for the third quarter of 2021, decreasing by 2.1 percentage points to 75.8% from 77.9% as a percentage of revenues. The decreases in amount and as a percentage of revenues were primarily attributable to a decrease in food delivery related costs of RMB733.4 million to RMB18.3 billion resulting from the decrease in number of transactions and lower food delivery courier incentives, as well as the improved gross margin for our new initiatives.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses decreased to RMB11.2 billion for the fourth quarter of 2021 from RMB11.4 billion for the third quarter of 2021, decreasing by 0.6 percentage points to 22.7% from 23.3% as a percentage of revenues on a quarter-over-quarter basis. Both the decreases in amount and as a percentage of revenues were primarily attributable to the decrease in Transacting User incentives in food delivery business.

### *Research and Development Expenses*

Our research and development expenses decreased to RMB4.6 billion for the fourth quarter of 2021 from RMB4.7 billion for the third quarter of 2021, and decreased by 0.4 percentage points to 9.3% from 9.7% as a percentage of revenues. The decrease was primarily due to the improvement of operating efficiency.

### *General and Administrative Expenses*

Our general and administrative expenses was RMB2.4 billion and was 4.9% as a percentage of revenues for the fourth quarter of 2021, flat on a quarter-over-quarter basis.

### *Net Provisions for Impairment Losses on Financial and Contract Assets*

Our net provisions for impairment losses on financial and contract assets decreased to RMB52.5 million for the fourth quarter of 2021 from RMB136.9 million for the third quarter of 2021, which was primarily due to the decrease in expected credit losses of financial assets.

### *Fair Value Changes of Other Financial Investments at Fair Value Through Profit or Loss*

Our fair value changes of other financial investments at fair value through profit or loss was a gain of RMB727.0 million for the fourth quarter of 2021, compared to a loss of RMB118.0 million for the third quarter of 2021, mainly driven by the fluctuation in the valuation of our investment portfolios.

### *Other Gains/(Losses), Net*

Our other gains/(losses), net for the fourth quarter of 2021 was a gain of RMB594.0 million, compared to a loss of RMB2.1 billion for the third quarter of 2021. The loss in the third quarter comprised the fine imposed pursuant to China's Antimonopoly Law.

### *Operating Loss*

As a result of the foregoing, our operating loss and margin for the fourth quarter of 2021 was RMB5.0 billion and negative 10.1% respectively, compared to operating loss and margin of RMB10.1 billion and negative 20.7% for the third quarter of 2021.

Operating (loss)/profit and operating margin by segment are set forth in the table below.

	<b>Unaudited Three Months Ended</b>				Quarter- over-quarter change
	<b>December 31, 2021</b>		September 30, 2021		
	<b>Amount</b>	<b>As a percentage of revenues</b>	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	<b>1,735,577</b>	<b>6.6%</b>	876,103	3.3%	98.1%
In-store, hotel & travel	<b>3,897,016</b>	<b>44.7%</b>	3,784,074	43.9%	3.0%
New initiatives and others	<b>(10,205,238)</b>	<b>(69.5%)</b>	(10,906,087)	(79.5%)	(6.4%)
Unallocated items	<b>(433,211)</b>	NA	(3,856,721)	NA	(88.8%)
<b>Total operating loss</b>	<b><u>(5,005,856)</u></b>	<b>(10.1%)</b>	<b><u>(10,102,631)</u></b>	(20.7%)	(50.4%)

Our operating profit from the food delivery segment increased to RMB1.7 billion for the fourth quarter of 2021 from RMB876.1 million for the third quarter of 2021. The operating margin for this segment increased by 3.3 percentage points to 6.6% from 3.3% on a quarter-over-quarter basis. Both the increases in operating profit and margin were primarily attributable to lower Transacting Users incentives and lower food delivery courier seasonal incentives.

Our operating profit from the in-store, hotel & travel segment increased to RMB3.9 billion for the fourth quarter of 2021 from RMB3.8 billion for the third quarter of 2021. The operating margin for this segment increased by 0.8 percentage points to 44.7% on a quarter-over-quarter basis. It was mainly driven by lower promotion expenses from our hotel and travel businesses and improved operating efficiency for the whole segment.

Our operating loss from the new initiatives and others segment decreased to RMB10.2 billion for the fourth quarter of 2021 from RMB10.9 billion for the third quarter of 2021, and the operating margin for this segment increased by 10.0 percentage points to negative 69.5% from negative 79.5% on a quarter-over-quarter basis. We continuously made efforts to improve the operation strategy for this segment, especially the retail businesses by optimizing operating efficiency as well as user incentives programs.

### ***Income Tax Credits***

We had income tax credits of RMB5.1 million for the fourth quarter of 2021, compared to income tax credits of RMB6.0 million for the third quarter of 2021.

### ***Loss for the Period***

As a result of the foregoing, we had loss of RMB5.3 billion for the fourth quarter of 2021, compared to loss of RMB10.0 billion for the third quarter of 2021.

## The Year ended December 31, 2021 Compared to the Year ended December 31, 2020

The following table sets forth the comparative figures for the years ended December 31, 2021 and 2020:

	<b>Year Ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<i>(RMB in thousands)</i>	
<b>Revenues</b>	<b>179,127,997</b>	114,794,510
Including: Interest revenue	<b>1,000,004</b>	884,897
Cost of revenues	<b>(136,653,869)</b>	(80,744,368)
<b>Gross profit</b>	<b>42,474,128</b>	34,050,142
Selling and marketing expenses	<b>(40,683,166)</b>	(20,882,685)
Research and development expenses	<b>(16,675,595)</b>	(10,892,514)
General and administrative expenses	<b>(8,612,626)</b>	(5,593,895)
Net provisions for impairment losses on financial and contract assets	<b>(259,953)</b>	(467,690)
Fair value changes of other financial investments at fair value through profit or loss	<b>815,747</b>	4,955,909
Other (losses)/gains, net	<b>(185,734)</b>	3,160,835
<b>Operating (loss)/profit</b>	<b>(23,127,199)</b>	4,330,102
Finance income	<b>546,037</b>	213,684
Finance costs	<b>(1,130,935)</b>	(370,016)
Share of gains of investments accounted for using the equity method	<b>145,620</b>	264,105
<b>(Loss)/profit before income tax</b>	<b>(23,566,477)</b>	4,437,875
Income tax credits	<b>30,279</b>	269,737
<b>(Loss)/profit for the year</b>	<b>(23,536,198)</b>	4,707,612
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(9,694,076)</b>	4,737,837
Adjusted net (loss)/profit	<b>(15,571,500)</b>	3,120,605

## Revenues

Our revenues increased by 56.0% to RMB179.1 billion in 2021 from RMB114.8 billion in 2020. Despite sporadic COVID-19 outbreaks, all food delivery and in-store, hotel and travel businesses recovered from the domestic pandemic and achieved strong revenue growth on a year-over-year basis. In addition, our committed investment in retail businesses and other initiatives drove the revenue increase for new initiatives and others segment.

The following table sets forth our revenues by segment and type in absolute amount in 2021 and 2020:

	Year Ended December 31, 2021			Total
	Food delivery	In-store, hotel & travel	New initiatives and others	
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	54,203,640	–	–	54,203,640
Commission	28,547,274	15,798,936	8,558,547	52,904,757
Online marketing services	11,434,933	16,667,421	982,816	29,085,170
Other services and sales (including interest revenue)	2,125,931	63,968	40,744,531	42,934,430
<b>Total</b>	<b>96,311,778</b>	<b>32,530,325</b>	<b>50,285,894</b>	<b>179,127,997</b>
	Year Ended December 31, 2020			
	Food delivery	In-store, hotel & travel	New initiatives and others	Total
	<i>(RMB in thousands)</i>			
<b>Revenues</b>				
Food delivery services	39,116,411	–	–	39,116,411
Commission	18,502,868	10,193,162	5,428,154	34,124,184
Online marketing services	7,565,111	11,018,337	324,597	18,908,045
Other services and sales (including interest revenue)	1,080,929	40,899	21,524,042	22,645,870
<b>Total</b>	<b>66,265,319</b>	<b>21,252,398</b>	<b>27,276,793</b>	<b>114,794,510</b>

Our revenues from the food delivery segment increased by 45.3% to RMB96.3 billion in 2021 from RMB66.3 billion in 2020. As more merchants embraced digitalization since the COVID-19 pandemic, the supply on our platform were improved. Meanwhile, our membership program continued to evolve, and we promoted various online consumption scenarios. As a result, both the annual Transacting Users and order frequency increased steadily, which drove the solid increase in our GTV and revenues.

Our revenues from the in-store, hotel & travel segment increased by 53.1% to RMB32.5 billion in 2021 from RMB21.3 billion in 2020. Recovering from the COVID-19 pandemic, all the businesses in this segment achieved revenue growth in this year. The development of new categories, expanded coverage of low-tier cities and stratified merchants operations resulted in the increase in GTV, domestic hotel room nights and online marketing Active Merchants, and further the revenues growth.

Our revenues from the new initiatives and others segment increased by 84.4% to RMB50.3 billion in 2021 from RMB27.3 billion in 2020, mainly contributed by our retail businesses, B2B food distribution services and other new initiatives, as we expanded these businesses to satisfy consumers' growing needs.

### ***Costs and Expenses***

The following table sets forth a breakdown of our costs and expenses by function for the years indicated:

	Year Ended		December 31, 2020	As a percentage of revenues	Year-over- year change
	December 31, 2021	Amount			
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
<i>(RMB in thousands, except for percentages)</i>					
<b>Costs and Expenses:</b>					
Cost of revenues	<b>136,653,869</b>	<b>76.3%</b>	80,744,368	70.3%	69.2%
Selling and marketing expenses	<b>40,683,166</b>	<b>22.7%</b>	20,882,685	18.2%	94.8%
Research and development expenses	<b>16,675,595</b>	<b>9.3%</b>	10,892,514	9.5%	53.1%
General and administrative expenses	<b>8,612,626</b>	<b>4.8%</b>	5,593,895	4.9%	54.0%
Net provisions for impairment losses on financial and contract assets	<b>259,953</b>	<b>0.1%</b>	467,690	0.4%	(44.4%)

### ***Cost of Revenues***

Our cost of revenues increased by 69.2% to RMB136.7 billion in 2021 from RMB80.7 billion in 2020, and increased by 6.0 percentage points to 76.3% from 70.3% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to (i) an increase of RMB18.9 billion in food delivery related costs for our 1P model to RMB68.2 billion, which was in line with the increase in related number of transactions, and (ii) the development and exploration in our retail businesses and other new initiatives. The increase in the cost of revenues as a percentage of revenues was mainly due to our enlarged investment in retail businesses this year as well as the change in revenue mix.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by RMB19.8 billion to RMB40.7 billion in 2021 from RMB20.9 billion in 2020, increasing by 4.5 percentage points to 22.7% from 18.2% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to the increase in promotion, advertising and user incentives expenses and employee benefits expenses. We enlarged branding and promotional campaigns to enhance our brand recognition, and increased Transacting Users incentives to stimulate consumption for various businesses. In addition, we hired more employees to support the rapid growth of our new initiatives. The increase in percentage of revenues was primarily attributable to the new initiatives businesses which incurred more marketing expenses at early business stage.

### *Research and Development Expenses*

Our research and development expenses increased to RMB16.7 billion in 2021 from RMB10.9 billion in 2020, mainly due to the increase in employee benefits expenses driven by our business expansion.

### *General and Administrative Expenses*

Our general and administrative expenses increased to RMB8.6 billion in 2021 from RMB5.6 billion in 2020, mainly due to the increase in employee benefits expenses.

### *Net Provisions for Impairment Losses on Financial and Contract Assets*

Our net provisions for impairment losses on financial and contract assets decreased to RMB260.0 million in 2021 from RMB467.7 million in 2020, which was primarily due to the decrease in expected credit losses of financial assets.

### *Fair Value Changes of Other Financial Investments at Fair Value Through Profit or Loss*

Our gain in fair value changes of other financial investments at fair value through profit or loss was RMB815.7 million in 2021, compared to a gain of RMB5.0 billion in 2020. This was primarily due to the fluctuation in valuation of our investment portfolios, as well as certain one-off valuation adjustment driven by capital transactions of certain investee in 2020.

### *Other (Losses)/Gains, Net*

Our other (losses)/gains, net in 2021 was a loss of RMB185.7 million, compared to a gain of RMB3.2 billion in 2020. Both our proceeds from treasury investments and subsidies or tax benefits received remained the same level for past two years, but we were imposed a fine pursuant to China's Antimonopoly Law in 2021.

### *Operating (Loss)/Profit*

As a result of the foregoing, our operating loss and margin in 2021 was RMB23.1 billion and negative 12.9% respectively, compared to operating profit and margin of RMB4.3 billion and 3.8% in 2020.

Operating (loss)/profit and margin by segment are set forth in the table below.

	Year Ended				Year-over-year change
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Food delivery	6,174,641	6.4%	2,833,369	4.3%	117.9%
In-store, hotel & travel	14,093,113	43.3%	8,180,933	38.5%	72.3%
New initiatives and others	(38,393,895)	(76.4%)	(10,854,996)	(39.8%)	253.7%
Unallocated items	(5,001,058)	NA	4,170,796	NA	NA
<b>Total operating (loss)/profit</b>	<b>(23,127,199)</b>	<b>(12.9%)</b>	<b>4,330,102</b>	<b>3.8%</b>	<b>NA</b>

Our operating profit from the food delivery segment increased to RMB6.2 billion in 2021 from RMB2.8 billion in 2020. The operating margin increased by 2.1 percentage points to 6.4% from 4.3% on a year-over-year basis. This was primarily driven by the higher contribution from online marketing services revenue, enhanced economies of scale and improved operating efficiency.

Our operating profit from the in-store, hotel & travel segment increased by 72.3% to RMB14.1 billion in 2021 from RMB8.2 billion in 2020. Our operating margin for this segment increased by 4.8 percentage points to 43.3% from 38.5% on a year-over-year basis. Both the increases in operating profit and margin were mainly due to business recovery from the COVID-19 pandemic and enhanced operating leverage.

Our operating loss from the new initiatives and others segment expanded to RMB38.4 billion in 2021 from RMB10.9 billion in 2020 and our operating margin for this segment decreased by 36.6 percentage points to negative 76.4% from negative 39.8% on a year-over-year basis. The expansion in loss was mainly contributed by the expenditure in supply chain and user incentives to support our retail businesses.

### ***Income Tax Credits***

We had income tax credits of RMB30.3 million in 2021, compared to income tax credits of RMB269.7 million in 2020. The change in profit status of certain entities resulted in higher income tax credits for the prior year.

### ***(Loss)/profit for the Year***

As a result of the foregoing, we had loss of RMB23.5 billion in 2021, compared to profit of RMB4.7 billion in 2020.

## **Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures**

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use adjusted EBITDA and adjusted net profit/(loss) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash or one-off items, and certain impact of investment transactions. The use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of our results of operations as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS financial measures for the fourth quarter of 2021 and 2020, the third quarter of 2021 and the years ended December 31, 2021 and 2020, to the nearest measures prepared in accordance with IFRS.

**Unaudited  
Three Months Ended**

	December 31, 2021	December 31, 2020	September 30, 2021
	<i>(RMB in thousands)</i>		

Loss for the period	(5,339,151)	(2,244,292)	(9,994,410)
Adjusted for:			
Fine imposed pursuant to China's Antimonopoly Law	–	–	3,442,440
Share-based compensation expenses	1,634,141	1,041,671	1,481,159
Net gains from investments <sup>(1)</sup>	(471,908)	(191,031)	(580,615)
Impairment and expense reversal/(provision)	(1,477)	738	(434)
Amortization of intangible assets resulting from acquisitions	121,525	133,007	123,155
Tax effects on non-IFRS adjustments	121,138	(176,613)	1,795
<b>Adjusted net loss</b>	<b>(3,935,732)</b>	<b>(1,436,520)</b>	<b>(5,526,910)</b>
Adjusted for:			
Income tax credits, except for tax effects on non-IFRS adjustments	(126,196)	(394,404)	(7,831)
Share of (losses)/gains of investments accounted for using the equity method not adjusted for adjusted net loss	(107,445)	(117,398)	(273,237)
Finance income	(157,174)	(69,724)	(198,890)
Finance costs	331,672	149,735	369,942
Other gains/(losses), net not adjusted for adjusted net loss	(577,770)	(430,233)	(608,984)
Amortization of software and others	89,889	75,597	78,383
Depreciation on property, plant and equipment	2,473,008	1,633,819	2,105,868
<b>Adjusted EBITDA</b>	<b>(2,009,748)</b>	<b>(589,128)</b>	<b>(4,061,659)</b>

<sup>(1)</sup> Mainly includes fair value changes related to investees, gains/(losses) on disposal of investees or subsidiaries, dilution gains and certain share of (losses)/gains of investments accounted for using the equity method.

	<b>Year Ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<i>(RMB in thousands)</i>	
(Loss)/Profit for the year	<b>(23,536,198)</b>	4,707,612
Adjusted for:		
Fine imposed pursuant to China's Antimonopoly Law	<b>3,442,440</b>	–
Share-based compensation expenses	<b>5,193,860</b>	3,277,476
Net gains from investments <sup>(1)</sup>	<b>(1,247,255)</b>	(5,809,527)
Impairment and expense reversal/(provision)	<b>(58,743)</b>	52,894
Amortization of intangible assets resulting from acquisitions	<b>495,954</b>	615,578
Tax effects on non-IFRS adjustments	<b>138,442</b>	276,572
<b>Adjusted net (loss)/profit</b>	<b>(15,571,500)</b>	3,120,605
Adjusted for:		
Income tax credits, except for tax effects on non-IFRS adjustments	<b>(168,721)</b>	(546,309)
Share of gains of investments accounted for using the equity method not adjusted for adjusted net (loss)/profit	<b>(416,920)</b>	(264,105)
Finance income	<b>(546,037)</b>	(213,684)
Finance costs	<b>1,130,935</b>	370,016
Other (losses)/gains, net not adjusted for adjusted net (loss)/profit	<b>(2,553,898)</b>	(2,307,217)
Amortization of software and others	<b>321,090</b>	375,908
Depreciation on property, plant and equipment	<b>8,110,975</b>	4,202,623
<b>Adjusted EBITDA</b>	<b>(9,694,076)</b>	4,737,837

## Liquidity and Capital Resources

Historically, our demand for cash was principally funded by capital contribution from Shareholders and financing through issuance and sale of equity and debt securities. We had cash and cash equivalents of RMB32.5 billion and short-term treasury investments of RMB84.3 billion as of December 31, 2021, compared to the balances of RMB17.1 billion and RMB44.0 billion as of December 31, 2020.

<sup>(1)</sup> Mainly includes fair value changes related to investees, gains/(losses) on disposal of investees or subsidiaries, dilution gains and certain share of (losses)/gains of investments accounted for using the equity method.

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

	<b>Year Ended</b>	
	<b>December 31, 2021</b>	December 31, 2020
	<i>(RMB in thousands)</i>	
Net cash flows (used in)/generated from operating activities	<b>(4,011,457)</b>	8,475,013
Net cash flows used in investing activities	<b>(58,491,834)</b>	(21,232,004)
Net cash flows generated from financing activities	<b>78,598,331</b>	17,418,081
<b>Net increase in cash and cash equivalents</b>	<b>16,095,040</b>	4,661,090
Cash and cash equivalents at the beginning of the year	<b>17,093,559</b>	13,396,185
Exchange losses on cash and cash equivalents	<b>(675,171)</b>	(963,716)
<b>Cash and cash equivalents at the end of the year</b>	<b>32,513,428</b>	17,093,559

### ***Net Cash Flows Used in Operating Activities***

Net cash flows used in operating activities represents the cash used in our operations minus the income tax paid. Cash used in our operations primarily consisted of our loss for the year, as adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2021, net cash flows used in operating activities was RMB4.0 billion, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortization and share-based compensation expenses, partially offset by dividend income and interest classified as investing cash flows, (ii) net decrease in working capital in line with the business scale expansion and the continuous investment in our new initiatives, and (iii) partial payment of the fine imposed pursuant to China's Antimonopoly Law.

### ***Net Cash Flows Used in Investing Activities***

For the year ended December 31, 2021, net cash flows used in investing activities was RMB58.5 billion, which was mainly attributable to treasury investments, purchase of property, plant and equipment and investments in some entities.

### ***Net Cash Flows Generated from Financing Activities***

For the year ended December 31, 2021, net cash flows generated from financing activities was RMB78.6 billion, which was mainly attributable to proceeds from issuance of shares upon placement and convertible bonds and the net increase of borrowings, partially offset by the principal elements of lease payments.

### ***Gearing ratio***

As of December 31, 2021, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 43%.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Year ended December 31,	
		2021	2020
		<i>(RMB in thousands)</i>	
<b>Revenues</b>	3	<b>179,127,997</b>	114,794,510
Including: Interest revenue		<b>1,000,004</b>	884,897
Cost of revenues	4	<b>(136,653,869)</b>	(80,744,368)
<b>Gross profit</b>		<b>42,474,128</b>	34,050,142
Selling and marketing expenses	4	<b>(40,683,166)</b>	(20,882,685)
Research and development expenses	4	<b>(16,675,595)</b>	(10,892,514)
General and administrative expenses	4	<b>(8,612,626)</b>	(5,593,895)
Net provisions for impairment losses on financial and contract assets		<b>(259,953)</b>	(467,690)
Fair value changes of other financial investments at fair value through profit or loss		<b>815,747</b>	4,955,909
Other (losses)/gains, net	5	<b>(185,734)</b>	3,160,835
<b>Operating (loss)/profit</b>	3	<b>(23,127,199)</b>	4,330,102
Finance income		<b>546,037</b>	213,684
Finance costs		<b>(1,130,935)</b>	(370,016)
Share of gains of investments accounted for using the equity method		<b>145,620</b>	264,105
<b>(Loss)/profit before income tax</b>		<b>(23,566,477)</b>	4,437,875
Income tax credits	7	<b>30,279</b>	269,737
<b>(Loss)/profit for the year</b>		<b>(23,536,198)</b>	4,707,612
<b>(Loss)/profit for the year attributable to:</b>			
Equity holders of the Company		<b>(23,538,379)</b>	4,708,313
Non-controlling interests		<b>2,181</b>	(701)
		<b>(23,536,198)</b>	4,707,612
		<b>RMB</b>	<b>RMB</b>
<b>(Loss)/earnings per share for (loss)/profit for the year attributable to the equity holders of the Company</b>	6		
Basic (loss)/earnings per share		<b>(3.90)</b>	0.81
Diluted (loss)/earnings per share		<b>(3.90)</b>	0.78

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
<b>Other comprehensive loss:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	<b>1,836</b>	(300)
Fair value changes of debt instruments at fair value through other comprehensive income	<b>4,795</b>	(60)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	<b>163,604</b>	–
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<b>(1,540,203)</b>	(2,920,302)
Share of other comprehensive loss of investments accounted for using the equity method	<b>(43,633)</b>	(142,357)
Fair value changes of other financial investments at fair value through other comprehensive income	<b>(86,821)</b>	84,387
<b>Other comprehensive loss for the year, net of tax</b>	<b><u>(1,500,422)</u></b>	<b><u>(2,978,632)</u></b>
<b>Total comprehensive (loss)/income for the year</b>	<b><u><u>(25,036,620)</u></u></b>	<b><u><u>1,728,980</u></u></b>
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Equity holders of the Company	<b>(25,038,801)</b>	1,729,681
Non-controlling interests	<b><u>2,181</u></b>	<u>(701)</u>
	<b><u><u>(25,036,620)</u></u></b>	<b><u><u>1,728,980</u></u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021**

		<b>As of December 31,</b>	
	<b>Note</b>	<u>2021</u>	<u>2020</u>
		<i>(RMB in thousands)</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>22,814,246</b>	13,917,165
Intangible assets		<b>31,048,814</b>	31,676,381
Deferred tax assets		<b>1,378,468</b>	448,670
Long-term treasury investments		<b>4,010,442</b>	612,967
Other financial investments at fair value through profit or loss		<b>14,299,857</b>	10,256,786
Investments accounted for using the equity method		<b>13,868,788</b>	13,180,943
Other financial investments at fair value through other comprehensive income		<b>2,022,705</b>	605,918
Prepayments, deposits and other assets		<b>3,381,272</b>	7,569,817
		<u><b>92,824,592</b></u>	<u>78,268,647</u>
<b>Current assets</b>			
Inventories		<b>681,693</b>	466,492
Trade receivables	8	<b>1,793,035</b>	1,030,948
Prepayments, deposits and other assets		<b>15,281,586</b>	12,940,125
Short-term treasury investments		<b>84,282,016</b>	43,999,364
Restricted cash		<b>13,276,919</b>	12,775,667
Cash and cash equivalents		<b>32,513,428</b>	17,093,559
		<u><b>147,828,677</b></u>	<u>88,306,155</u>
<b>Total assets</b>		<u><b>240,653,269</b></u>	<u>166,574,802</u>
<b>EQUITY</b>			
Share capital		<b>411</b>	395
Share premium		<b>311,221,237</b>	263,155,201
Shares held for shares award scheme		–	–
Other reserves		<b>(2,866,675)</b>	(6,262,066)
Accumulated losses		<b>(182,741,531)</b>	(159,200,503)
<b>Equity attributable to equity holders of the Company</b>		<b>125,613,442</b>	97,693,027
<b>Non-controlling interests</b>		<b>(56,680)</b>	(58,752)
<b>Total equity</b>		<u><b>125,556,762</b></u>	<u>97,634,275</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS OF DECEMBER 31, 2021**

	Note	As of December 31,	
		2021	2020
		<i>(RMB in thousands)</i>	
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		895,691	755,694
Financial liabilities at fair value through profit or loss		–	114,600
Deferred revenues		–	166,700
Borrowings		12,219,667	1,957,470
Notes payable		30,383,378	12,966,341
Lease liabilities		2,994,226	1,648,008
Other non-current liabilities		10,588	184,073
		<u>46,503,550</u>	<u>17,792,886</u>
<b>Current liabilities</b>			
Trade payables	9	15,165,619	11,967,026
Payables to merchants		10,950,920	9,414,936
Advances from transacting users		5,171,054	4,307,861
Other payables and accruals		18,400,738	12,779,429
Borrowings		11,565,200	6,395,002
Deferred revenues		5,478,480	5,052,830
Lease liabilities		1,756,559	1,089,847
Income tax liabilities		104,387	140,710
		<u>68,592,957</u>	<u>51,147,641</u>
<b>Total liabilities</b>		<u><b>115,096,507</b></u>	<u><b>68,940,527</b></u>
<b>Total equity and liabilities</b>		<u><b>240,653,269</b></u>	<u><b>166,574,802</b></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Attributable to equity holders of the Company							Non-controlling interests	Total
	Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As of January 1, 2021	395	263,155,201	-	(6,262,066)	(159,200,503)	97,693,027	(58,752)	97,634,275	
<b>Comprehensive income</b>									
Loss for the year	-	-	-	-	(23,538,379)	(23,538,379)	2,181	(23,536,198)	
<b>Other comprehensive loss</b>									
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	(41,797)	-	(41,797)	-	(41,797)	
Fair value changes of other financial investments at fair value through other comprehensive income	-	-	-	(86,821)	-	(86,821)	-	(86,821)	
Fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	4,795	-	4,795	-	4,795	
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	-	-	-	163,604	-	163,604	-	163,604	
Currency translation differences	-	-	-	(1,540,203)	-	(1,540,203)	-	(1,540,203)	
<b>Total comprehensive loss</b>	-	-	-	(1,500,422)	(23,538,379)	(25,038,801)	2,181	(25,036,620)	
Share of other changes in net assets of associates	-	-	-	158,922	-	158,922	-	158,922	
<b>Transaction with owners in their capacity as owners</b>									
Equity-settled share-based payments	-	-	-	5,193,445	-	5,193,445	-	5,193,445	
Shares held for shares award scheme	1	-	(1)	-	-	-	-	-	
Exercise of share options and RSUs vesting	2	2,780,149	1	(2,508,430)	-	271,722	-	271,722	
Issuance of shares upon placement and subscription	13	45,285,887	-	-	-	45,285,900	-	45,285,900	
Tax benefit from share-based payments	-	-	-	535,289	-	535,289	-	535,289	
Appropriations to general reserves	-	-	-	2,649	(2,649)	-	-	-	
Issuance of convertible bonds (equity component)	-	-	-	1,513,938	-	1,513,938	-	1,513,938	
Distributions from a non wholly-owned subsidiary	-	-	-	-	-	-	(109)	(109)	
<b>Total transaction with owners in their capacity as owners</b>	16	48,066,036	-	4,736,891	(2,649)	52,800,294	(109)	52,800,185	
As of December 31, 2021	411	311,221,237	-	(2,866,675)	(182,741,531)	125,613,442	(56,680)	125,556,762	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Attributable to equity holders of the Company							Non-controlling interests	Total
	Share capital	Share premium	Shares held for shares award scheme	Other reserves	Accumulated losses	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>As of January 1, 2020</b>	389	260,359,929	-	(4,447,252)	(163,800,621)	92,112,445	(58,051)	92,054,394	
<b>Comprehensive income</b>									
Profit for the year	-	-	-	-	4,708,313	4,708,313	(701)	4,707,612	
<b>Other comprehensive income</b>									
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	(142,657)	-	(142,657)	-	(142,657)	
Fair value changes of other financial investments at fair value through other comprehensive income	-	-	-	84,387	-	84,387	-	84,387	
Fair value changes of debt instruments at fair value through other comprehensive income	-	-	-	(60)	-	(60)	-	(60)	
Currency translation differences	-	-	-	(2,920,302)	-	(2,920,302)	-	(2,920,302)	
<b>Total comprehensive income</b>	-	-	-	(2,978,632)	4,708,313	1,729,681	(701)	1,728,980	
Share of other changes in net assets of associates	-	-	-	21,671	-	21,671	-	21,671	
<b>Transaction with owners in their capacity as owners</b>									
Equity-settled share-based payments	-	-	-	3,272,930	-	3,272,930	-	3,272,930	
Shares held for shares award scheme	1	-	(1)	-	-	-	-	-	
Exercise of share options and RSUs vesting	5	2,795,272	1	(2,283,840)	-	511,438	-	511,438	
Tax benefit from share-based payments	-	-	-	44,862	-	44,862	-	44,862	
Appropriations to general reserves	-	-	-	108,195	(108,195)	-	-	-	
<b>Total transaction with owners in their capacity as owners</b>	6	2,795,272	-	1,142,147	(108,195)	3,829,230	-	3,829,230	
<b>As of December 31, 2020</b>	<u>395</u>	<u>263,155,201</u>	<u>-</u>	<u>(6,262,066)</u>	<u>(159,200,503)</u>	<u>97,693,027</u>	<u>(58,752)</u>	<u>97,634,275</u>	

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>(RMB in thousands)</i>	
Net cash flows (used in)/generated from operating activities	<b>(4,011,457)</b>	8,475,013
Net cash flows used in investing activities	<b>(58,491,834)</b>	(21,232,004)
Net cash flows generated from financing activities	<b>78,598,331</b>	17,418,081
<b>Net increase in cash and cash equivalents</b>	<b>16,095,040</b>	4,661,090
Cash and cash equivalents at the beginning of the year	<b>17,093,559</b>	13,396,185
Exchange losses on cash and cash equivalents	<b>(675,171)</b>	(963,716)
<b>Cash and cash equivalents at the end of the year</b>	<b><u>32,513,428</u></b>	<b><u>17,093,559</u></b>

## NOTES TO THE FINANCIAL INFORMATION

### 1 General information, basis of preparation and presentation

The Company was incorporated in the Cayman Islands on September 25, 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office is at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company's Class B shares have been listed on the Main Board of the Hong Kong Stock Exchange since September 20, 2018.

The Company is an investment holding company. The Company and its domestic subsidiaries offers diversified daily goods and services in the broader retail by leveraging technology, including food delivery, in-store, hotel and travel booking and other services and sales.

The financial information of the Company has been prepared in accordance with applicable International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board. The financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss or through other comprehensive income, which are carried at fair value.

### 2 Changes in accounting policies and disclosures

#### (a) *New amendments adopted by the Company*

The Company has applied the following amendments for the first time commencing January 1, 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – phase 2
---	--

The Company had certain interest-bearing bank borrowings denominated in USD based on the London Interbank Offered Rate ("LIBOR") as of December 31, 2021. For these bank borrowings, since the interest rates of these instruments were not replaced by alternative risk-free rates ("RFR") during this year, the amendments did not have any significant impact on the financial position and performance of the Company. Replacement of the benchmark rates of these instruments from LIBOR to an RFR has yet to commence.

#### (b) *New standards and amendments not yet adopted by the Company*

The following new standards and amendments have been issued, but are not effective for the Company's financial year beginning on January 1, 2021 and have not been early adopted by the Company's management.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IAS 16 (Amendments)	Property, plant and equipment: proceeds before intended use	January 1, 2022
Amendments to IFRS 3	Reference to the conceptual framework	January 1, 2022
IAS 37 (Amendments)	Onerous contract – cost of fulfilling a contract	January 1, 2022
IAS 1 (Amendments)	Classification of liabilities as current and non-current	January 1, 2023
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023

The Company is in the process of assessing potential impact of the above new standards and amendments that is relevant to the Company upon initial application. According to the preliminary assessment made by the Directors of the Company, management does not anticipate any significant impact on the Company's financial positions and results of operations upon adopting the above new standards and amendments except for the Amendments to IAS 12. The management of the Company plans to adopt these new standards and amendments when they become effective.

### 3 Segment information

The segment information provided to the Company's CODM for the reportable segments for the years ended December 31, 2021 and 2020 is as follows. In May 2021, the Company rolled out a new fee structure to merchants of food delivery business, in which the fees charged to the merchants were split into a food delivery services fee and a technology service fee. The revenues derived from these services were separately presented under the food delivery segment for the year ended December 31, 2021. The figures for the comparative year were reclassified to conform to such presentation as well.

	Year ended December 31, 2021				Total
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items (Note i)	
	<i>(RMB in thousands)</i>				
Food delivery services	54,203,640	-	-	-	54,203,640
Commission	28,547,274	15,798,936	8,558,547	-	52,904,757
Online marketing services	11,434,933	16,667,421	982,816	-	29,085,170
Other services and sales (including interest revenue)	2,125,931	63,968	40,744,531	-	42,934,430
<b>Revenues in total</b>	<b>96,311,778</b>	<b>32,530,325</b>	<b>50,285,894</b>	<b>-</b>	<b>179,127,997</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(90,137,137)</b>	<b>(18,437,212)</b>	<b>(88,679,789)</b>	<b>(5,001,058)</b>	<b>(202,255,196)</b>
Including: Food delivery related costs	(68,183,267)	-	-	-	(68,183,267)
<b>Operating (loss)/profit</b>	<b>6,174,641</b>	<b>14,093,113</b>	<b>(38,393,895)</b>	<b>(5,001,058)</b>	<b>(23,127,199)</b>
	Year ended December 31, 2020				
	Food delivery	In-store, hotel & travel	New initiatives and others	Unallocated items (Note i)	Total
	<i>(RMB in thousands)</i>				
Food delivery services	39,116,411	-	-	-	39,116,411
Commission	18,502,868	10,193,162	5,428,154	-	34,124,184
Online marketing services	7,565,111	11,018,337	324,597	-	18,908,045
Other services and sales (including interest revenue)	1,080,929	40,899	21,524,042	-	22,645,870
<b>Revenues in total</b>	<b>66,265,319</b>	<b>21,252,398</b>	<b>27,276,793</b>	<b>-</b>	<b>114,794,510</b>
<b>Cost of revenues, operating expenses and unallocated items</b>	<b>(63,431,950)</b>	<b>(13,071,465)</b>	<b>(38,131,789)</b>	<b>4,170,796</b>	<b>(110,464,408)</b>
Including: Food delivery related costs	(49,291,318)	-	-	-	(49,291,318)
<b>Operating (loss)/profit</b>	<b>2,833,369</b>	<b>8,180,933</b>	<b>(10,854,996)</b>	<b>4,170,796</b>	<b>4,330,102</b>

- (i) Unallocated items mainly include (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, and (iv) other (losses)/gains, net. They are not allocated to individual segments.

#### 4 Expenses by nature

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Food delivery related costs	<b>68,183,267</b>	49,291,318
Employee benefits expenses	<b>34,767,852</b>	21,541,521
Transaction costs (Note i)	<b>26,352,193</b>	15,859,348
Promotion, advertising and user incentives	<b>23,200,707</b>	11,029,869
Other outsourcing costs	<b>22,538,561</b>	8,128,968
Depreciation of property, plant and equipment	<b>8,110,975</b>	4,202,623
Amortization of intangible assets	<b>817,044</b>	991,486
Auditor's remuneration		
– Audit and audit-related services	<b>47,879</b>	48,889
– Non-audit services	<b>8,053</b>	1,898

(i) Transaction costs consist of cost of goods sold and certain costs from various businesses.

#### 5 Other (losses)/gains, net

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Subsidies and tax preference	<b>1,502,905</b>	1,388,365
Fair value changes of treasury investments at fair value through profit or loss	<b>1,152,287</b>	816,888
Dilution gains	<b>716,427</b>	853,618
Interest income from treasury investments at amortized cost	<b>132,694</b>	386,771
Fine imposed pursuant to China's Antimonopoly Law	<b>(3,442,440)</b>	–
Donations	<b>(139,689)</b>	(204,534)
Foreign exchange losses, net	<b>(34,977)</b>	(170,340)
Others	<b>(72,941)</b>	90,067
	<b>(185,734)</b>	<b>3,160,835</b>

## 6 (Loss)/earnings per share

- (a) Basic (loss)/earnings per share for the years ended December 31, 2021 and 2020 were calculated by dividing the (loss)/profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<b>(23,538,379)</b>	4,708,313
Weighted average number of ordinary shares in issue (thousands)	<b>6,037,677</b>	5,845,354
Basic (loss)/earnings per share (RMB)	<b>(3.90)</b>	<b>0.81</b>

- (b) Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. As the Company incurred losses for the year ended December 31, 2021, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the year ended December 31, 2021 was the same as basic loss per share.

	<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<b>(23,538,379)</b>	4,708,313
Weighted average number of ordinary shares in issue (thousands)	<b>6,037,677</b>	5,845,354
Adjustments for share options and RSUs (thousands)	–	158,251
Weighted average number of ordinary shares used as the denominator in calculating diluted (loss)/earnings per share (thousands)	<b>6,037,677</b>	6,003,605
Diluted (loss)/earnings per share (RMB)	<b>(3.90)</b>	<b>0.78</b>

## 7 Income tax credits

The following table sets forth our income tax credits for the years indicated:

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Current income tax expenses	(417,262)	(147,172)
Deferred income tax credits	447,541	416,909
	<b>30,279</b>	<b>269,737</b>

## 8 Trade receivables

Trade receivables represent amounts due from customers for services performed or goods sold in the ordinary course of business. Trade receivables are generally due for settlement within one year and therefore are all classified as current assets. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Trade receivables	2,019,029	1,197,518
Less: allowance for impairment	(225,994)	(166,570)
	<b>1,793,035</b>	<b>1,030,948</b>

We allow a credit period of 30 to 180 days to our customers. Aging analysis of trade receivables (net of allowance for impairment of trade receivables) based on invoice date is as follows:

	As of December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Trade receivables		
Up to 3 months	1,669,739	889,861
3 to 6 months	101,529	94,088
6 months to 1 year	17,861	39,416
Over 1 year	3,906	7,583
	<b>1,793,035</b>	<b>1,030,948</b>

## 9 Trade payables

Trade payables represent liabilities for goods sold or services provided to us prior to the end of the year which are unpaid. As of December 31, 2021 and 2020, the aging analysis of the trade payables based on invoice date is as follows:

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<i>(RMB in thousands)</i>	
Trade payables		
Up to 3 months	<b>14,906,908</b>	11,810,659
3 to 6 months	<b>146,690</b>	46,688
6 months to 1 year	<b>88,042</b>	45,876
Over 1 year	<b>23,979</b>	63,803
	<u><b>15,165,619</b></u>	<u>11,967,026</u>

## 10 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2021 and 2020.

## **OTHER INFORMATION**

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended December 31, 2021.

### **CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The Company will hold its annual general meeting (the "AGM") on May 18, 2022. The register of members of the Company will be closed from May 13, 2022 to May 18, 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 12, 2022.

### **Audit Committee**

The Audit Committee, together with the Auditor, has reviewed the Company's audited consolidated financial statements for the year ended December 31, 2021. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, risk management, internal control and financial reporting matters.

### **Auditor's Procedures Performed on this Results Announcement**

The figures in respect of the announcement of the Company's results for the year ended December 31, 2021 have been agreed by the Auditor to the amounts as set out in the Company's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

## **Compliance with the Corporate Governance Code**

The Company is committed to maintaining and promoting stringent corporate governance standards. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

Save for code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 since January 1, 2022), the Company has complied with all the code provisions as set out in the CG Code where applicable during the year ended December 31, 2021. Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Wang Xing currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

## **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended December 31, 2021.

## **Publication of the Annual Results and Annual Report**

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([about.meituan.com](http://about.meituan.com)) in due course.

## APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our consumers, merchants and partners for their trust in our platform, our couriers for their reliable and efficient services, our entire staff and management team for their outstanding contributions, and our Shareholders for their continuous support.

By Order of the Board  
**Meituan**  
**Wang Xing**  
Chairman

Hong Kong, March 25, 2022

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Xing as chairman and executive Director, Mr. Mu Rongjun and Mr. Wang Huiwen as executive Directors, Mr. Lau Chi Ping Martin and Mr. Neil Nanpeng Shen as non-executive Directors, and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong and Mr. Shum Heung Yeung Harry as independent non-executive Directors.*

*The Company's Shareholders and potential investors should note that the information in this announcement is based on the management accounts of the Company which have not been audited or reviewed by the Company's Auditor. This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.*

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>Term</b>	<b>Definition</b>
“Articles” or “Articles of Association”	the articles of association of the Company adopted on August 30, 2018 with effect from Listing, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Board”	the Board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Class A Shares”	Class A shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	Class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan (美团) (formerly known as Meituan Dianping (美团點評)), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan (美团) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely, the Onshore Holdcos and their respective subsidiaries (each a “Consolidated Affiliated Entity”)
“CODM”	the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments

“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange
“Listing Date”	September 20, 2018, on which the Class B Shares are listed and on which dealings in the Class B Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being (i) any amendment to the Memorandum and Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	U.S. dollar, the lawful currency of the United States
“%”	per cent

## **GLOSSARY**

“Active Merchant”	a merchant that meets any of the following conditions in a given period: (i) completed at least one transaction on our platform, (ii) purchased any online marketing services from us, (iii) processed offline payment at least once through our integrated payment systems, or (iv) generated any order through our ERP systems
“Gross Transaction Volume” or “GTV”	the value of paid transactions of products and services on our platform by consumers, regardless of whether the consumers are subsequently refunded. This includes delivery charges and VAT, but excludes any payment-only transactions, such as QR code scan payments and point-of-sale payments
“Monetization Rate”	the revenues for the year/period divided by the Gross Transaction Volume for the year/period
“Transacting User”	a user account that paid for transactions of products and services on our platform in a given period, regardless of whether the account is subsequently refunded
“transaction”	the number of transactions is generally recognized based on the number of payments made. (i) With respect to our in-store business, one transaction is recognized if a user purchases multiple vouchers with a single payment; (ii) with respect to our hotel-booking business, one transaction is recognized if a user books multiple room nights with a single payment; (iii) with respect to our attraction, movie, air and train ticketing businesses, one transaction is recognized if a user purchases multiple tickets with a single payment; (iv) with respect to our bike-sharing business, if a user uses monthly pass, then one transaction is recognized only when the user purchases or claims the monthly pass, and subsequent rides are not recognized as transactions; if a user does not use monthly pass, then one transaction is recognized for every ride