Meitu, Inc.

美图公司

(Incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as "美圖之家")

(Stock Code: 1357)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022 AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

The board of directors (the "**Board**") of Meitu, Inc. (the "**Company**") is pleased to announce the audited consolidated results of the Company, its subsidiaries, Xiamen Meitu Networks Technology Co., Ltd. ("**Meitu Networks**") and Xiamen MeituEve Networks Services Co., Ltd. ("**MeituEve Networks**") and their respective subsidiaries (collectively the "**Group**") for the year ended December 31, 2022.

In this announcement, "Meitu", "we", "us", and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

KEY HIGHLIGHTS

- We are pleased to announce the first full-year profitability. For the year ended December 31, 2022, we generated a Net Profit attributable to Owners of the Company of RMB94.1 million, compared to a Net Loss attributable to Owners of the Company of RMB44.5 million in 2021. Such encouraging results were driven by both underlying businesses' profitability and net gains from fair value measurements of our various investments. Adjusted Net Profit attributable to Owners of the Company was RMB110.5 million, increased 29.9% year-over-year.

- Revenue grew 25.2% year-over-year, to RMB2,085.3 million. VIP Subscription business was the largest revenue contributor with RMB782.2 million, up 57.4% year-over-year. Software as a Service ("**SaaS**") revenue also grew strongly due to the acquisition of a business focusing on providing ERP and Supply Chain Management SaaS to over 11,000 cosmetic stores in the People's Republic of China ("**PRC**"). Growth from these two revenue lines had offset the reduction in revenues from Online Advertising and Influencer marketing solutions ("**IMS**") business due to poor economic environment during the pandemic.

- Monthly Active Users ("**MAU**") growth resumed to 5.3% year-over-year, reaching 242.9 million in December 2022. Our flagship app *Meitu* contributed most of the MAU growth, as a number of AIGC-powered (Artificial Intelligence Generated Content) features in the *Meitu* App, had become very popular during the fourth quarter in 2022. In addition, our AIGC-powered video editing app, *Wink*, has also grown meaningfully in MAU during 2022.

- Going forward, we will continue to invest in AI and apply AI-powered features to our image and video products. Also, we will expand our productivity app offerings from addressing social/entertainment needs to work-related needs. We believe these strategies will help us to continue to drive higher MAU, paying penetration as well as average revenue per user, all of which are key variables that make our VIP Subscription business model scalable and sustainable.

- The Board has recommended the payment of an aggregate final dividend of HK$0.02 per ordinary share out of the share premium account of the Company for the year ended December 31, 2022, reflecting a dividend payout ratio of approximately 70.6% based on the Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2022. Such high dividend payout ratio as a percentage of the amount of Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2022 was determined primarily because of our achievement of the milestone of first full-year profitability since our initial public offering ("**IPO**").

KEY FINANCIAL DATA

	Year ended December 31		Year on year
	2022	2021	**change**
	RMB'000	*RMB'000*	*(%)*
Revenue	**2,085,329**	1,666,029	25.2%
– VIP Subscription business	**782,165**	496,787	57.4%
– Online Advertising	**596,045**	765,849	-22.2%
– SaaS and related businesses	**462,907**	38,797	1,093.2%
– Internet value-added services ("**IVAS**")(1)	**95,603**	94,268	1.4%
– IMS and Others(1)	**148,609**	270,328	-45.0%
Gross Profit	**1,187,272**	1,125,087	5.5%
Gross Margin	**56.9%**	67.5%	-10.6p.p.
Profit/(Loss) for the year	**18,891**	(77,430)	-124.4%
Adjusted Net Profit attributable to Owners of the Company(2)	**110,543**	85,073	29.9%

(1) Certain revenue streams under VIP Subscription business had been redefined and reclassified to IVAS, and certain revenue streams under IMS and Others had been redefined and reclassified to SaaS and related businesses.

(2) For details of Adjusted Net Profit attributable to Owners of the Company, please refer to the section headed "Management Discussion and Analysis – Profit/(Loss) for the year and Non-IFRSs Measure: Adjusted Net Profit/(Loss)".

KEY OPERATIONAL DATA

	As of December 31,		Year on year
	2022	2021	**Change**
	'000	*'000*	*(%)*
Total MAU	**242,880**	230,644	5.3%
MAU breakdown by product:			
– *Meitu*	**129,616**	114,718	13.0%
– *BeautyCam*	**49,009**	56,870	-13.8%
– *BeautyPlus*	**32,520**	37,116	-12.4%
– Others	**31,735**	21,940	44.6%
MAU breakdown by geography:			
– Mainland China	**163,121**	153,882	6.0%
– Overseas	**79,759**	76,762	3.9%

Dear Shareholders,

We are pleased to report the first full-year profitability since our IPO.

For the year ended December 31, 2022, we generated a Net Profit attributable to Owners of the Company of RMB94.1 million. In addition to better financial performance, our total MAU grew 5.3% year-over-year as well.

STRATEGIC HIGHLIGHTS

We aim to become the world's largest subscription service provider in image and video productivity software and applications. In addition, facilitating the digitalization of the beauty industry is a long-term goal for us, which we are currently building the foundation through providing SaaS solutions.

For Image: addressing scenario-specific user demand related to images through a subscription-based product portfolio driven by AI-generated content ("AIGC") technologies

2022 is a milestone year for the development of AIGC technologies, as the general public has for the first time realized the extent of its capabilities and entertainment value. As an AI-driven technology company, Meitu has stayed at the forefront, launching a number of interesting and useful AIGC-based features on its app. For example, the "AI Art" feature that we launched on the *Meitu* App that allows users to transform a photograph of a real-life person into an anime character, has gained significant popularity around the globe, making the *Meitu* App as #1 ranked image app in the iOS AppStore in several countries and regions. We estimate that, according to the data provided by QuestMobile, the *Meitu* App commands approximately 53% of the market share in terms of MAU within the mobile image editing market in December 2022, up from 47% in 2021.

In fact, Meitu has always been investing in AI since 2010 when we established the Meitu Imaging and Vision Lab to develop our capabilities in AI and computer vision. Many existing features of our apps, both free and paid, are driven by AIGC technologies, such as "hairstyle modification" and "teeth realignment", etc.. We will continue to invest in and launch more AIGC-powered features and apps to further drive our business.

Another successful strategy that drove the encouraging results in 2022 was "addressing scenario-specific image and video needs through a dedicated app or a standalone feature". *Wink*, our new video editing app, was a prime example. While certain video editing features were already in the *Meitu* App and *BeautyCam* App, we took those features, augmented them with AIGC-related technologies and streamlined them into the *Wink* App, which is highly efficient and effective in addressing video-editing needs specifically. *Wink* has already become the #3 video editing app in the PRC, in terms of active users. More importantly, we have already integrated the VIP Subscription business model into *Wink* since the very beginning and therefore it has also contributed to our growth financially.

Growing VIP Subscription revenue

Revenue from VIP Subscription business has become our largest revenue contributor this year, and we expect such business (which has a high gross margin profile) to continue to grow. If we breakdown the growth drivers of this monetization model, there are basically two components: the number of paying subscribers and the average revenue per paying subscriber ("**ARPPU**").

1. *Number of paying subscribers*

   The growth of the number of paying subscribers mainly involves converting free users to paid subscribers (i.e. increasing paying penetration). We employ a number of strategies to convert free users into paying subscribers, such as launching targeted in-app promotions and social media campaigns for the VIP features. Launching new features, especially AIGC-powered ones, are also an increasingly effective strategy for converting free users to paying subscribers.

   As our monetization model has shifted away from the "internet model" which centers around traffic redirection, our perspective towards our overall MAU has also changed accordingly. Instead of maximizing MAU growth through aggressive user acquisition, we aim to maintain a stable growth for our MAU base since VIP Subscription business model (also known as Consumer Subscription Service, or CSS model) is more akin to a SaaS model. To a certain extent, our MAU base is analogous to the "opportunities" of a typical SaaS sales funnel, as these users are using the free version of our app which we have a direct channel to reach them (such as through in-app marketing or push notification etc.). Our 242.9 million MAU are already a massive enough base of "opportunities" to support our growth in the near term. In fact, for the year ended December 31, 2022, our MAU growth rate resumed to 5.3% year-over-year. As mentioned previously, AIGC-powered features were key contributors to the rebound of our MAU growth, especially for the *Meitu* App. On top of launching more AIGC-powered features, the new apps that we launch to address scenario-specific user demands in image and video are another integral part of our strategy to grow our MAU base.

2. *Average revenue per paying subscribers*

We believe there is ample room to grow our ARPPU in the future. However, we are not relying on driving ARPPU growth mainly through the increase in subscription price. Instead, we aim to drive our ARPPU through subscription services in our apps and/or features that address work-related image and video demands. The use case of our main apps is primarily centered around social and/or entertainment. For example, a lot of our users create/edit images using our *Meitu* App or *BeautyCam* to share with their friends on social media networks such as WeChat Moments. Given such nature, the subscription price points are quite low. However, we discovered that a number of our users are using our apps to increase their productivity at work, such as making better product posters to drive sales etc.. Our survey revealed that users are willing to accept a higher price point as long as these subscription services can enhance their productivity or quality of their output. Therefore, in 2022, we started to experiment with work-related products such as the *Meitu Design Room*, which generated an ARPPU that is 60-70% higher than our social-focused apps. The *Meitu Design Room* enables users to easily create professional-looking posters with high-quality templates. We intend to enhance this product further as we move to AIGC-powered poster creation in 2023, which we believe will generate even better user experience.

For Beauty: facilitate the digitization of the Beauty Industry through innovative SaaS solutions

We believe digitization of the beauty industry presents a significant opportunity that is currently underserved. For instance, users have been regularly spending hundreds if not thousands of RMB on skincare products and treatments, yet unlike fitness or nutrition, they do not have quantifiable and objective standards to track the progress of their skin. At the same time, cosmetic brands are increasingly keen to promote personalized skincare products and treatments targeting high-end customers, thereby creating a demand for technological solutions that increase their conversion and retention of these high-end customers.

Customer Insight SaaS based on AI Skin Analysis

One of our long-term goals is to empower the beauty industry. We provide enterprise solutions that leverage our established brand image for beauty and technological capabilities in AI and computer vision:

i. Customer Insight SaaS based on AI Skin Analysis

Our strategy for beauty centers around our AI skin analysis SaaS under the brand of *EveLab Insight* (and *MeituEve（美圖宜膚）* in Mainland China). We empower skincare brands, medical aesthetic institutes, and beauty spas across the globe with the ability to provide AI-based skin analysis for their customers through our hardware and SaaS solutions. Our solutions are flexible and scalable, enabling our clients to integrate with their own customer relationship management systems for better customer retention, as well as optimizing operational efficiency at multiple storefronts.

Currently, our skin analysis solutions have served over 130 beauty brands and have been deployed in over 2,900 stores globally. We have always valued science and precision as two of the most important factors for product innovation. Apart from investing in our AI technology, we also work very closely with world-leading research institutes and renowned dermatologists to enhance the accuracy and capabilities of our skin analysis solutions. Our lead in this technology can be reflected by the fact that several globally-leading skincare brands have chosen us as their preferred partner for skin analysis.

ii. Enterprise Resource Planning ("ERP") and Supply Chain Management SaaS for cosmetic retailers

We believe having an in-depth insight of the cosmetic retail market, such as pricing and sales trend of various cosmetic products, is also a key foundation to drive digitization of the beauty industry. To this end, we have completed the acquisition of Meidd Technology (Shenzhen) Co., Ltd. ("**Meidd**") in 2022 that possesses such insight through providing ERP SaaS to over 11,000 cosmetic retailers in mainland China.

During 2022, we have also started to capitalize on the cosmetic retail market insight and launch Supply Chain Management SaaS that enable our clients to discover trending products and procure those products in a timely manner at very competitive prices. This provides a strong value proposition to our clients given the high fragmentation and information asymmetry of the cosmetic retail market. Although we have seen sizeable revenue from and rapid growth in our Supply Chain Management SaaS, the gross margin on this business is low as we are mainly working with mainstream products. But as both the number of our customers and average procurement per customer continue to grow, we expect to introduce more niche products that carry higher gross margins to drive the growth of this business in the medium term.

BUSINESS REVIEW

The year 2022 was the first year we see an impact on the profitability from our high-margin VIP Subscription business. We expect our business to continue to grow in 2023, mainly driven by the rapid growth of our VIP Subscription business and our SaaS and related businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2022 compared to year ended December 31, 2021

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue	**2,085,329**	1,666,029
Cost of sales	**(898,057)**	(540,942)
Gross profit	**1,187,272**	1,125,087
Selling and marketing expenses	**(403,115)**	(390,980)
Administrative expenses	**(271,850)**	(264,993)
Research and development expenses	**(586,365)**	(545,490)
Net impairment losses on financial assets	**(22,310)**	(21,132)
Other income	**130,275**	101,473
Other gains, net	**542,950**	211,960
Impairment losses on intangible assets	**(403,390)**	(227,623)
Finance income, net	**14,921**	2,401
Shares of losses of investments accounted for using the equity method	**(13,158)**	(1,638)
Profit/(Loss) before income tax	**175,230**	(10,935)
Income tax expense	**(156,339)**	(66,495)
Profit/(Loss) for the year	**18,891**	(77,430)
Profit/(Loss) attributable to:		
– Owners of the Company	**94,142**	(44,514)
– Non-controlling interests	**(75,251)**	(32,916)
Non-IFRSs measure:		
Adjusted Net Profit/(Loss) attributable to[(1)]		
– Owners of the Company	**110,543**	85,073
– Non-controlling interests	**(28,594)**	(20,856)
	81,949	64,217

(1) For details of Adjusted Net Profit attributable to Owners of the Company, please refer to the section headed "Management Discussion and Analysis – Profit/(Loss) for the year and Non-IFRSs Measure: Adjusted Net Profit/(Loss)".

Revenue

We generate revenues from (i) Online Advertising; (ii) VIP Subscription business; (iii) SaaS and related businesses; (iv) IVAS; and (v) IMS and Others.

The following table presents our revenue lines and as percentages of our total revenues for the periods presented. For the year ended December 31, 2022, total revenue increased 25.2% to RMB2.09 billion from RMB1.67 billion for the year ended December 31, 2021. This increase was mainly driven by the solid growth in VIP Subscription business and SaaS and related businesses.

	Year ended December 31,			
	2022		2021	
	Amount *RMB'000*	**% of total revenues**	Amount *RMB'000*	% of total revenues
VIP Subscription business	**782,165**	**37.5%**	496,787	29.8%
Online Advertising	**596,045**	**28.6%**	765,849	46.0%
SaaS and related businesses	**462,907**	**22.2%**	38,797	2.3%
IVAS(1)	**95,603**	**4.6%**	94,268	5.7%
IMS and Others(1)	**148,609**	**7.1%**	270,328	16.2%
Total	**2,085,329**	**100.0%**	1,666,029	100.0%

(1) Certain revenue streams under VIP Subscription business had been redefined and reclassified to IVAS, and certain revenue streams under IMS and Others had been redefined and reclassified to SaaS and related businesses.

VIP Subscription business

Growth momentum of our VIP Subscription business remains strong, with revenue increasing 57.4% year-over-year to RMB782.2 million. In December 2022, our apps had more than 5.6 million VIP subscribers, representing a paying penetration rate of approximately 2.3%. We are confident that this paying penetration has ample room to grow, because we have proven our ability to drive paying penetration rate in one image app overseas that achieved approximately 10% paying penetration. We intend to apply what we learnt from our overseas operations to our apps operating in mainland China. In addition, as discussed in the strategy section, we intend to launch new apps that will monetize through the VIP Subscription business model from the get go, as well as integrating AIGC-related function to drive paying penetration. We note that in mainland China, the VIP Subscription business is still in a nascent stage as reflected by the lower paying penetration (relative to some overseas app), therefore we are unlikely to spend significantly in promotion or traffic acquisition to drive paying penetration. Instead, we will focus on product and feature innovation, as well as in-app marketing (which is free) to convert users into subscribers.

Online Advertising

Our revenue from Online Advertising decreased by 22.2% year-over-year to RMB596.0 million for the year ended December 31, 2022, primarily due to the impact from the lackluster economic conditions related to the COVID-19 pandemic. Such impact was more prominent during the first half of 2022. Although the pandemic was largely over towards the end of 2022, the macroeconomic outlook remained uncertain. Coupled with the strategy to shift more towards the VIP Subscription business, we do not expect much growth from Online Advertising going forward.

SaaS and related businesses

For the year ended December 31, 2022, revenue from our SaaS and related businesses grew by 1,093.2% year-over-year to RMB462.9 million from RMB38.8 million for the year ended December 31, 2021, mainly due to acquisition of Meidd Technology (Shenzhen) Co., Ltd. ("**Meidd**").

Majority of the revenues within this segment is generated from our Supply Chain Management SaaS. With the market insight, such as pricing, sales trend and inventory status generated from the ERP SaaS that we provide to over 11,000 cosmetic retail stores, we are able to help our customers to optimize their purchasing decisions through our Supply Chain Management SaaS. Gross margin for this business is currently low as we are focusing on driving client adoption and market share with products from well-known brands, and not so much on profitability. However, in the longer-term we would strive to raise the margin profile through introducing niche products.

We also provide AI skin analysis SaaS to for skincare brands, medical aesthetic clinics and beauty salons under the brand *EveLab Insight* (and *MeituEve* within PRC). Using our skin analyzer hardware and related AI-powered software, our clients can effectively quantify and evaluate skin conditions of their customers, as well as recommend tailored skincare treatments and product. This process will help our clients to increase sales conversion as well as customer retention.

In addition, we launched AI-based image SaaS services to serve commercial photography studios under the brand *Meitu AI Photo Editing*, which aims at increasing their efficiency and quality of photo editing.

IVAS

For the year ended December 31, 2022, revenue from our IVAS increased by 1.4% year-over-year to RMB95.6 million from RMB94.3 million for the year ended December 31, 2021.

Historically, this revenue line primarily consists of a variety of mobile value-added services offerings such as casual mobile game which we share revenues with the operators. However, in 2022, as we continue to shift our focus to monetizing through VIP Subscription of our image and video apps, we have also started to generate revenue from single-purchase features in our apps, which is also categorized under IVAS. This type of monetization model became the major contributor under this revenue line. *Meitu ID Photo* is a great example. Instead of going to a photo studio for an ID photo, user can use *Meitu ID Photo* to turn a selfie into an ID photo. Our AI will replace the selfie's background with an appropriate color and trim it to the appropriate size, as well as give user options to retouch or even add make-up and/or change his outfit. This is also a great example of our strategy of "*addressing scenario-specific image needs through a product driven by AIGC technologies*". Going forward, we expect to see this revenue line to continue to grow, as we add more AIGC products/features that are charged by single-purchase options.

IMS and Others

For the year ended December 31, 2022, revenue from IMS and Others decreased by 45.0% year-over-year to RMB148.6 million from RMB270.3 million for the year ended December 31, 2021.

Revenues generated from the IMS business during 2022 were RMB130.3 million, as compared to RMB258.1 million for the year ended December 31, 2021. This business was materially impacted by the poor economic environment due to the pandemic. We expect revenues from this business to continue to decline as we focus more on VIP Subscription and SaaS businesses.

Cost of Sales

Our cost of sales increased by 66.0% to RMB898.1 million for the year ended December 31, 2022, compared to RMB540.9 million for the year ended December 31, 2021. The largest component within Cost of Sales is the inventory costs related to the Supply Chain Management SaaS, which amounted to RMB401.0 million. The remuneration paid to influencers related to the IMS business, which amounted to RMB146.6 million is the second largest component.

Gross Profit and Margin

Our gross profit increased by 5.5% to RMB1,187.3 million for the year ended December 31, 2022 from RMB1,125.1 million for the year ended December 31, 2021. Our gross margin decreased to 56.9% for the year ended December 31, 2022, from 67.5% for the year ended December 31, 2021. The decline in gross margin is primarily a result of a change in revenue mix, as there was an increase in revenue contribution from the Supply Chain Management SaaS, which carries a much lower gross margin compared to VIP Subscription and Online Advertising business.

Research and Development Expenses

Research and development expenses increased by 7.5% to RMB586.4 million for the year ended December 31, 2022 from RMB545.5 million for the year ended December 31, 2021, primarily due to an increase in staff costs.

Selling and Marketing Expenses

Selling and marketing expenses increased by 3.1% to RMB403.1 million for the year ended December 31, 2022, from RMB391.0 million for the year ended December 31, 2021, primarily due to an increase in staff costs.

Administrative Expenses

Administrative expenses increased by 2.6% to RMB271.9 million for the year ended December 31, 2022, from RMB265.0 million for the year ended December 31, 2021, primarily due to an increase in staff costs.

Impairment losses on Intangible Assets

Impairment losses on intangible assets arose from the Group's acquisition of subsidiaries and impairment losses on cryptocurrencies.

As of December 31, 2022, we fully impaired the intangible assets arising from the related acquirees' cash generating unit which engaged in IMS business. As a result, the impairment losses on intangible assets were RMB118.5 million.

As of December 31, 2022, the fair values of the units of Ether (the "**Acquired Ether**") and the units of Bitcoin (the "**Acquired Bitcoin**") acquired by the Group determined based on the then prevailing market prices were approximately US$37.3 million and US$15.6 million, respectively. In accordance with the relevant accounting standards under IFRSs, the Group accounts for the acquired cryptocurrencies as intangible assets and adopts the cost model for the measurement. Consequently, impairment losses of approximately RMB86.6 million and RMB198.2 million were recognized by the Group for the year ended December 31, 2022 in relation to the Acquired Ether and the Acquired Bitcoin, respectively.

Further details of the acquired cryptocurrencies are set out in the announcements of the Company dated March 7, 2021, March 17, 2021, April 8, 2021, July 6, 2021 and July 1, 2022.

Other Income

Other income for the year ended December 31, 2022 increased to RMB130.3 million from RMB101.5 million for the year ended December 31, 2021, primarily due to an increase in government subsidies.

Other Gains, Net

Other gains, net were RMB543.0 million for the year ended December 31, 2022, compared to a net gain of RMB212.0 million for the year ended December 31, 2021, primarily attributable to an increase in profit from fair value changes of financial assets at fair value through profit or loss.

Finance Income, Net

Finance income, net mainly comprised of bank interest income and foreign exchange gains. Our net finance income increased by 521.4% to RMB14.9 million for the year ended December 31, 2022, from RMB2.4 million for the year ended December 31, 2021, primarily due to foreign exchange gains.

Income Tax Expense

Income tax expenses for the year ended December 31, 2022, were RMB156.3 million, compared to RMB66.5 million for the year ended December 31, 2021.

Net Profit/(Loss) for the year and Non-IFRSs Measure: Adjusted Net Profit/(Loss)

Net profit for the year ended December 31, 2022, significantly increased to RMB18.9 million from net loss of RMB77.4 million for the year ended December 31, 2021, primarily due to improved underlying profitability of our business operations, as well as the gains from fair value change of financial assets at fair value through profit or loss in accordance with the relevant accounting standards under IFRSs.

To supplement our consolidated financial statements which are presented in accordance with the IFRSs, we also use a non-IFRSs financial measure, "Adjusted Net Profit/(Loss)", as an additional financial measure, which is not required by, or presented in accordance with IFRSs. For the purpose of this annual announcement, "Adjusted Net Profit/(Loss)" will be used interchangeably with "Non-GAAP Net Profit/(Loss)". We believe that this additional financial measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of "Adjusted Net Profit/(Loss)" may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

Adjusted Net Profit attributable to the Owners of the Company was RMB110.5 million for the year ended December 31, 2022, compared to RMB85.1 million for the year ended December 31, 2021, mainly due to the gross profit growth from our VIP Subscription business. From the fourth quarter of 2019, we have consistently been making positive Adjusted Net Profit attributable to the Owners of the Company for consecutive fiscal reporting periods.

The following table reconciles our Adjusted Net Profit/(Loss) for the years ended December 31, 2022 and 2021 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Profit/(Loss) for the year	**18,891**	(77,430)
Excluding:		
Share-based compensation	**47,324**	55,502
Changes in fair value of long-term investments	**(519,821)**	(183,641)
Remeasurement gains on consideration to non-controlling shareholders of a subsidiary	**(17,017)**	–
Gains on disposal of long-term investments	**–**	(3,268)
Amortization of intangible assets and other expenses related to acquisition	**20,843**	24,256
Impairment losses on intangible assets	**403,390**	227,623
Other one-off gains	**–**	(18,119)
Tax effects	**128,339**	39,294
Adjusted Net Profit/(Loss) attributable to	**81,949**	64,217
Owners of the Company	**110,543**	85,073
Non-controlling interests	**(28,594)**	(20,856)

Non-controlling Interests

Non-controlling interests represent our loss after taxation that is attributable to minority shareholders of our non-wholly owned subsidiaries.

Liquidity, Financial Resources and Gearing

Our cash and other liquid financial resources as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
	RMB'000	*RMB'000*
Cash and cash equivalents	**946,602**	738,732
Short-term bank deposits and current portion of long-term bank deposits	**352,908**	481,459
Long-term bank deposits	**50,000**	30,000
Short-term investments	**40,521**	8,000
Cash and other liquid financial resources	**1,390,031**	1,258,191

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Long-term bank deposits and short-term bank deposits are bank deposits with original maturities over three months and redeemable on maturity. Short-term investments are redeemable at any time and held with the primary objective to generate income at a yield higher than current deposit bank interest rates.

Most of our cash and cash equivalents, short-term bank deposits, long-term bank deposits and short-term investments are denominated in United States dollar, Renminbi and Hong Kong dollar.

Treasury Policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the year ended December 31, 2022. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital Expenditure

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Purchase of property and equipment	**65,231**	34,657
Purchase of intangible assets	**530**	3,068
Total	**65,761**	37,725

Our capital expenditures primarily included expenditures for refurbishment of our main office building and purchases of property and equipment such as servers and computers and intangible assets such as computer software.

The increase in capital expenditure was mainly due to the refurbishment of our main office building.

Long-term Investment Activities

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Investment in financial assets at fair value through profit or loss	**84,321**	82,903
Investment in associates in the form of ordinary shares	**14,000**	–
Investment in a joint venture	**–**	60,000
Investment in financial assets at fair value through other comprehensive income	**–**	15,571
Total	**98,321**	158,474

We have made minority investments that we believe have technologies or businesses that complement and benefit our business. Save as disclosed in the section headed "Significant Investments Held", none of these individual investments are regarded as material. Some of the investments we made were early-stage companies that do not generate meaningful revenues and profits. It is therefore difficult to determine the success of these investments at such early stage, and while successful investments could generate substantial returns, unsuccessful ones may need to be impaired or written-off.

Foreign Exchange Risk

Our Group's subsidiaries primarily operate in the PRC and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group's PRC subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to overseas business partners. We did not hedge against any fluctuation in foreign currency for the years ended December 31, 2022 and 2021.

Pledge of Assets

As of December 31, 2022, we pledged a restricted deposit of RMB300,000 (as of December 31, 2021: RMB500,000) to guarantee payment of certain operating expenses.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities (as of December 31, 2021: nil).

Dividends

The Board has decided to recommend the payment of an aggregate final dividend of HK$0.02 per ordinary share (the "**Final Dividend**") out of the share premium account of the Company (the "**Share Premium Account**") for the year ended December 31, 2022 (2021: nil), totaling approximately HK$88.9 million (equivalent to approximately RMB78.0 million). A circular containing, inter alia, further information about the Final Dividend out of the Share Premium Account will be dispatched as soon as possible. As no interim dividend has been paid, the total dividend for the year ended December 31, 2022 will amount to HK$0.02 per ordinary share (2021: nil), reflecting a dividend payout ratio of approximately 70.6% based on the Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2022.

Such high dividend payout ratio as a percentage of the amount of Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2022 was determined primarily because of our achievement of the milestone of first full-year profitability since our IPO. There is however, no guarantee that the Board will declare or recommend a dividend at all or at the same dividend payout ratio in future.

As at the date of this announcement, the Company has an aggregate of 4,443,874,324 ordinary shares of par value US$0.00001 each ("**Share(s)**") in issue. Based on the number of issued Shares as at the date of this announcement, the Final Dividend, if declared and paid, will amount to an aggregate amount of HK$88.9 million (equivalent to approximately RMB78.0 million). Subject to the fulfilment of the conditions set out in the paragraph headed "Conditions of the Payment of Final Dividend out of Share Premium Account" below, the Final Dividend is intended to be paid out of the Share Premium Account pursuant to Articles 133 and 134 of the current Articles of Association of the Company (the "**Articles**") and in accordance with the Companies Act (as revised) of the Cayman Islands (the "**Cayman Companies Act**"). As of December 31, 2022, based on the audited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB7,174.1 million (equivalent to approximately HK$8,174.7 million). Following the payment of the Final Dividend, there will be a remaining balance of approximately RMB7,096.1 million (equivalent to approximately HK$8,085.8 million) standing to the credit of the Share Premium Account.

Conditions of the Payment of Final Dividend out of Share Premium Account

The payment of the Final Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

(a) the passing of an ordinary resolution by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company declaring and approving the payment of the Final Dividend out of the Share Premium Account pursuant to Articles 133 and 134 of the Articles; and

(b) the Directors being satisfied that the Company will, immediately following the date on which the Final Dividend is paid, be able to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, it is expected that the Final Dividend will be paid in cash on June 26, 2023 to those Shareholders whose names appear on the register of members of the Company at close of business on June 9, 2023.

The conditions set out above cannot be waived. If any of the conditions set out above is not satisfied, the Final Dividend will not be paid.

Reasons for and effect of the payment of the Final Dividend out of the Share Premium Account

The Board considers that it is unnecessary to maintain the Share Premium Account at the current level and it is appropriate to distribute the Final Dividend in recognition of Shareholders' support.

After taking into account a number of factors including cash flow and financial condition of the Company, the Board considers it is appropriate and proposes that Final Dividend be paid out of the Share Premium Account in accordance with Articles 133 and 134 of the Articles and the Cayman Companies Act. The Board considers such arrangement to be in the best interests and for the commercial benefit of the Company and its Shareholders as a whole.

The Board believes that the payment of the Final Dividend will not have any material adverse effect on the underlying assets, business, operations or financial position of the Group and does not involve any reduction in the authorised or issued share capital of the Company or reduction in the nominal or par value of the Shares or result in any change in the trading arrangements in respect of the Shares.

Borrowings and Gearing Ratio

As of December 31, 2022, we pledged a bank borrowing of RMB10.0 million at an annualized interest rate of 3.68% (as of December 31, 2021: RMB10.0 million at an annualized interest rate of 4.15%). Therefore, the gearing ratio of the Group was 0.3% as of December 31, 2022 (as of December 31, 2021: 0.3%). The gearing ratio was calculated as the total borrowings divided by the total equity on the respective reporting date. For this purpose, total debt is defined as bank loan as shown in the consolidated balance sheet. The Group's gearing ratio remained at a relatively low level as the Group did not place material reliance on borrowings to finance the Group's operation.

Employee and Remuneration Policy

The Group had a total of 2,057 full-time employees as of December 31, 2022 (as of December 31, 2021: 2,090), a majority of whom were based in various cities in the PRC, including Xiamen (headquarters), Beijing, Shenzhen and Shanghai. Remuneration is determined with reference to market conditions and individual employees' performance, qualifications and experience.

In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are the eligible participants of the Pre-IPO Employee Share Option Plan ("**Pre-IPO ESOP**") of the Company, Post-IPO Share Option Scheme of the Company, Post-IPO Share Award Scheme of the Company and the EveLab Insight, Inc. Share Award Scheme. During the year ended December 31, 2022, the relationship between the Group and our employees have been stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

Guarantee Agreements after the Reporting Date

On January 28, 2023, (i) Meitu Networks, (ii) its subsidiaries, Ruisheng Tianhe (Beijing) Media and Technology Co., Ltd. ("**Ruisheng Tianhe**") and Xiamen Ruisheng Tianhe Media Technology Co., Ltd. (together with Ruisheng Tianhe, the "**Ruisheng (Beijing and Xiamen) Companies**"), and (iii) Beijing Jinri Toutiao Information Technology Co., Ltd. ("**Toutiao**") entered into a guarantee agreement (the "**First Guarantee Agreement**") pursuant to which Meitu Networks (as guarantor) agreed to guarantee, on a joint and several basis, certain obligations of the Ruisheng (Beijing and Xiamen) Companies (as debtor) to Toutiao (as creditor) under a business advertising agency cooperation agreement entered into between the Ruisheng (Beijing and Xiamen) Companies and Toutiao (the "**Toutiao Cooperation Agreement**").

The guarantee provided by Meitu Networks pursuant to the First Guarantee Agreement covers all data promotion expenses payable under the Toutiao Cooperation Agreement, as well as all reasonable expenses and losses that the Ruisheng (Beijing and Xiamen) Companies are responsible for in the event of their breach of the Toutiao Cooperation Agreement (including, but not limited to, late fees, default fees and damages).

The cooperation under the First Cooperation Agreement commenced on January 1, 2023 and will expire on December 31, 2023. The period of guarantee for Meitu Networks is one (1) year from the expiry of the cooperation period without a specific guarantee amount specified.

On March 22, 2023, Meitu Networks, Ruisheng Tainhe, Chengdu Ruisheng Tainhe Media Technology Co., Ltd. (together with Ruisheng Tainhe, the "**Ruisheng (Beijing and Chengdu) Companies**") and Wuhan Juliang Star Map Technology Co., Ltd. ("**Juliang Star**"), an affiliated entity of Toutiao, entered into a second guarantee agreement ("**Second Guarantee Agreement**") pursuant to which Meitu Networks (as guarantor) agreed to guarantee, on a joint and several basis, certain obligations of the Ruisheng (Beijing and Chengdu) Companies (as debtor) to Juliang Star (as creditor) under another business advertising agency cooperation agreement entered into between the Ruisheng (Beijing and Chengdu) Companies and Juliang Star (the "**Juliang Cooperation Agreement**").

The guarantee provided by Meitu Networks pursuant to the Second Guarantee Agreement covers all service fees payable under the Juliang Cooperation Agreement, as well as other reasonable expenses incurred.

The cooperation under the Second Cooperation Agreement commenced on January 1, 2023 and will expire on December 31, 2023. The period of guarantee for Meitu Networks is three (3) years from the expiry of the cooperation period without a specific guarantee amount specified.

The First Guarantee Agreement and the Second Guarantee Agreement have been duly approved by the board of directors and shareholders of Meitu Networks in accordance with its constitutional documents and applicable laws.

Significant Investments Held

Investments in Cryptocurrency

In the year of 2021, the Group had, pursuant to the Cryptocurrency Investment Plan, purchased in open market transactions, 31,000 units of Ether (the "**Acquired Ether**") and 940.88523 units of Bitcoin ("**Acquired Bitcoin**") at an aggregate cost of approximately US$100 million. As of December 31, 2022, the fair values of the Acquired Ether and the Acquired Bitcoin determined based on the then prevailing market prices were approximately US$37.3 million and US$15.6 million, respectively, representing approximately 7% of the Group's total assets in total.

Further details of the acquired cryptocurrencies are set out in the section headed "Impairment Losses on Intangible Assets" above and the announcements of the Company dated March 7, 2021, March 17, 2021, April 8, 2021, July 6, 2021 and July 1, 2022.

Minority Investments

The fair value gain on financial assets at fair value through profit and loss ("**FVTPL**") was approximately RMB519.8 million in relation to the Group's unlisted minority investments as at December 31, 2022 (compared to approximately RMB183.6 million as at December 31, 2021). Such increase in the fair value gain on financial assets at FVTPL was mainly due to the strong business performance of an investee (the "**Investee**") in 2022 and is arrived at after taking into account, among other things, the valuation report prepared by a professional valuer in respect of the Group's unlisted minority investment in the Investee as at December 31, 2022. The Investee operates an online and offline skincare products business in the People's Republic of China primarily under a popular domestic skincare brand.

Save as disclosed above and in the paragraph headed "Material Acquisitions and Disposals of Subsidiaries, Associates and/or Joint Ventures" below, during the year ended December 31, 2022, there were no other significant investments held, nor were there any material acquisitions or disposals made by the Group that constituted notifiable transactions for the Company.

Future Plans for Material Investments and Capital Assets

The Group will continue to explore potential strategic investment opportunities with its existing internal resources and/or other sources of funding with the aim of creating synergies for the Group in relation to aspects such as technological development, product research and development, product portfolio, channel expansion and/or cost control. Appropriate disclosures will be made by the Company when it becomes necessary under the Listing Rules.

Save as disclosed in this annual announcement, the Group did not have any other plans for material investments and capital assets as of December 31, 2022.

Material Acquisitions and Disposals of Subsidiaries, Associates and/or Joint Ventures

On December 17, 2021, Meitu Networks, Mr. Wen Min (the chief executive officer, a director and a founder of Meidd), Mr. Huang Zhifeng (a deputy general manager, a director and a founder of Meidd), Mr. Tan Jiaxian (a professional investor and holder of equity interest in Meidd) and Mr. Yang Xiangyang (a professional investor and holder of equity interest in Meidd) (collectively the"**Meidd Sellers**") and Meidd entered into a sale and purchase agreement, pursuant to which Meitu Networks purchased, and the Meidd Sellers sold, approximately 20.67% equity interest in Meidd at an aggregate consideration of approximately RMB79,741,920 (equivalent to approximately HK$97,782,857). The consideration was satisfied (i) as to HK$48,891,428 (equivalent to approximately RMB39,870,960) by the allotment and issue of 29,452,667 consideration shares at the issue price of HK$1.66 per share and (ii) as to RMB39,870,960 in cash.

The sale and purchase was completed on January 7, 2022, whereby the Group became interested in approximately 63.35% equity interest in Meidd and Meidd became a subsidiary of the Group.

Further details of the Meidd Acquisition and the aforementioned sale and purchase can be found in the announcements of the Company dated April 9, 2021 and December 17, 2021 respectively. Save as disclosed above, we did not conduct any material acquisition or disposal of subsidiaries, associates and/or joint ventures during the year ended December 31, 2022.

Important Events after the Reporting Date

Save as disclosed above, there were no important events affecting the Company which occurred after December 31, 2022 and up to the date of this announcement.

FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT

	Note	**Year ended December 31, 2022** *RMB'000*	2021 *RMB'000*
Revenue	*3*	**2,085,329**	1,666,029
Cost of sales	*4*	**(898,057)**	(540,942)
Gross profit		**1,187,272**	1,125,087
Selling and marketing expenses	*4*	**(403,115)**	(390,980)
Administrative expenses	*4*	**(271,850)**	(264,993)
Research and development expenses	*4*	**(586,365)**	(545,490)
Net impairment losses on financial assets		**(22,310)**	(21,132)
Other income		**130,275**	101,473
Other gains, net		**542,950**	211,960
Impairment losses on intangible assets		**(403,390)**	(227,623)
Finance income, net		**14,921**	2,401
Share of losses of investments accounted for using the equity method		**(13,158)**	(1,638)
Profit/(Loss) before income tax		**175,230**	(10,935)
Income tax expense	*5*	**(156,339)**	(66,495)
Profit/(Loss) for the year		**18,891**	(77,430)
Profit/(Loss) attributable to:			
– Owners of the Company	*6*	**94,142**	(44,514)
– Non-controlling interests		**(75,251)**	(32,916)
		18,891	(77,430)
Earning/(Loss) per share for loss attributable to owners of the Company for the year (expressed in RMB per share)	*6*		
– Basic		**0.02**	(0.01)
– Diluted		**0.02**	(0.01)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2022	2021
		RMB'000	*RMB'000*
Profit/(Loss) for the year		**18,891**	(77,430)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Currency translation differences		**(56,448)**	(28,366)
Items that will not be reclassified to profit or loss			
Currency translation differences		**139,610**	–
Changes in fair value of financial assets at fair value through other comprehensive income		**(4,412)**	13,031
Other comprehensive income/(loss) for the year, net of tax		**78,750**	(15,335)
Total comprehensive income/(loss) for the year, net of tax		**97,641**	(92,765)
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**170,730**	(59,865)
– Non-controlling interests		**(73,089)**	(32,900)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

	Note	As of December 31, 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**441,239**	383,183
Right-of-use assets		**27,870**	41,390
Term deposits		**50,000**	30,000
Intangible assets		**659,841**	777,402
Long-term investments			
– Investments in associates and a joint venture	*7(a)*	**123,733**	118,133
– Financial assets at fair value through profit or loss	*7(b)*	**1,195,064**	801,005
– Financial assets at fair value through other comprehensive income	*7(c)*	**36,181**	37,156
Prepayments and other receivables		**5,643**	19,504
Deferred tax assets		**8,937**	7,018
		2,548,508	2,214,791
Current assets			
Inventories		**25,591**	4,889
Trade receivables	*8*	**350,633**	356,783
Prepayments and other receivables		**684,914**	912,280
Contract costs		**54,371**	29,880
Short-term investments		**40,521**	8,000
Term deposits		**352,908**	481,459
Cash and cash equivalents	*9(a)*	**946,602**	738,732
Restricted cash	*9(b)*	**300**	500
		2,455,840	2,532,523
Total assets		**5,004,348**	4,747,314
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*10*	**283**	281
Share premium	*10*	**7,174,119**	7,136,647
Reserves		**36,628**	(91,642)
Accumulated losses		**(3,441,407)**	(3,528,927)
Non-controlling interests		**(60,109)**	(557)
Total equity		**3,709,514**	3,515,802

	Note	As of December 31, 2022 RMB'000	2021 RMB'000
Liabilities			
Non-current liabilities			
Trade and other payables	*11*	**–**	84,432
Lease liabilities		**11,370**	17,911
Deferred tax liabilities		**214,600**	80,280
		225,970	182,623
Current liabilities			
Borrowings		**10,000**	10,000
Trade and other payables	*11*	**734,098**	803,915
Lease liabilities		**16,784**	20,631
Income tax liabilities		**62,739**	55,960
Contract liabilities		**245,243**	158,383
		1,068,864	1,048,889
Total liabilities		**1,294,834**	1,231,512
Total equity and liabilities		**5,004,348**	4,747,314

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Net cash generated from/(used in) operating activities		**233,990**	(26,318)
Net cash used in investing activities		**(16,768)**	(330,416)
Net cash used in financing activities		**(37,029)**	(51,239)
Net increase/(decrease) in cash and cash equivalents		**180,193**	(407,973)
Cash and cash equivalents at the beginning of the year	*9*	**738,732**	1,158,117
Effects of exchange rate changes on cash and cash equivalents		**27,677**	(11,412)
Cash and cash equivalents at the end of the year	*9*	**946,602**	738,732
Analysis of balances of cash and cash equivalents:			
Cash at bank and in hand	*9*	**528,193**	738,732
Short-term bank deposits with initial terms within three months	*9*	**418,409**	–
		946,602	738,732

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 General information

Meitu, Inc. (the "**Company**"), was incorporated in the Cayman Islands under the name of "Meitu, Inc. 美图公司" on July 25, 2013 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, and carries on a business in Hong Kong as "美圖之家" as approved by and registered with the Registrar of Companies in Hong Kong on October 28, 2016 and November 7, 2016, respectively. The address of the Company's registered office is the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together with Xiamen Meitu Networks Technology Co., Ltd. and Xiamen MeituEve Networks Services Co., Ltd., and their respective subsidiaries, collectively, the "**Group**") are principally engaged in the provision of online advertising and other Internet value added services in the People's Republic of China (the "**PRC**") and other countries or regions.

Certain of the Group's business are subject to foreign investment restrictions. To comply with the relevant PRC laws, the wholly-owned subsidiary of the Company, Xiamen Home Meitu Technology Co., Ltd. ("**Meitu Home**"), has entered into a series of contractual arrangements (the "**Contractual Arrangements**") with Meitu Networks and its equity holders, which enable Meitu Home and the Group to:

- govern the financial and operating policies of Meitu Networks;

- exercise equity holders' voting rights of Meitu Networks;

- receive substantially all of the economic interest returns generated by Meitu Networks in consideration for the business support, technical and consulting services provided by Meitu Home;

- obtain an irrevocable and exclusive right with an initial period of 10 years to purchase all or part of the equity interests in Meitu Networks from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Meitu Home may exercise such options at any time until it has acquired all equity interests of Meitu Networks. The right is automatically renewable upon expiry unless it is superseded by a new term confirmed by Meitu Home; and

- obtain a pledge over the entire equity interests of Meitu Networks from its respective equity holders as collateral security for all of Meitu Networks' payments due to Meitu Home and to secure performance of Meitu Networks' obligation under the Contractual Arrangements.

As a result of the Contractual Arrangements, the Group is able to have effective control over Meitu Networks and its subsidiaries, receive variable returns from its involvement with Meitu Networks and its subsidiaries, have the ability to affect those returns through its power over Meitu Networks and its subsidiaries and it is considered to control Meitu Networks and its subsidiaries. Consequently, the Company regards Meitu Networks and its subsidiaries as the controlled entities and consolidates the financial position and results of operations of these entities in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Meitu Networks and its subsidiaries and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Meitu Networks and its subsidiaries. The directors of the Company ("**Directors**"), based on the advice of its PRC legal counsel, consider that the Contractual Arrangements among Meitu Home, Meitu Networks and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

Similar to Meitu Networks, a series of contractual arrangements were also executed for MeituEve Networks, Beijing Dajie Zhiyuan Information Technology Co., Ltd. ("**Dajie Zhiyuan**") and its subsidiaries. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company.

In January 2021, contractual arrangements were rearranged for Meitu Networks due to the change of one of the nominee shareholders of Meitu Networks. As a result, Meitu Networks continues to be a controlled structured entity of the Company.

Similar to Meitu Networks, contractual arrangements were also rearranged for Dajie Zhiyuan in March 2021, due to the change of the nominee shareholders of Dajie Zhiyuan, and Dajie Zhiyuan remains a controlled structured entity of the Company.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 15, 2016 by way of its initial public offering ("**IPO**").

These financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2022:

Amendments to annual improvements project	Annual improvements 2018-2020 cycle
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

As of December 31, 2022, the following new standards, amendments, improvement and interpretation have been issued but are not effective for the financial year beginning January 1, 2022 and have not been early adopted:

New standards, amendments, improvement and interpretation		**Effective for accounting periods beginning on or after**
IAS 1 (Amendments) and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	January 1, 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a single Transaction	January 1, 2023
IFRS 17	Insurance contracts	January 1, 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	January 1, 2024
IFRS 16 (Amendments)	Leases liability in a sale and leaseback	January 1, 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	January 1, 2024
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

3 Revenue and segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. The Group does not distinguish between markets or segments for the purpose of internal reporting. As of December 31, 2022, the total non-current assets other than financial instruments and deferred tax assets located in the PRC and other countries or regions amounted to RMB1,997,169,000 (December 31, 2021: RMB1,429,547,000) and RMB492,402,000 (December 31, 2021: RMB748,226,000), respectively.

The results of the revenue for the year ended December 31, 2022 and 2021 are as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
VIP Subscription business	**782,165**	496,787
Online Advertising	**596,045**	765,849
SaaS and related businesses *(Note (i))*	**462,907**	38,797
Internet Value-added Services	**95,603**	94,268
IMS and Others	**148,609**	270,328
Total revenue	**2,085,329**	1,666,029

(i) The revenue of SaaS and related businesses mainly generated from sales of cosmetic and smart hardware products amounted to RMB411,848,000 for the year ended December 31, 2022 (2021: RMB15,888,000), which are recognized when the control of the products is transferred.

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time	**1,415,695**	1,277,927
At a point in time	**669,634**	388,102
	2,085,329	1,666,029

No revenue from any customer exceeded 10% or more of the Group's revenue for the year ended December 31, 2022 and 2021.

4 Expenses by nature

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Employee benefit expenses	**911,949**	865,718
Inventories consumed and recognized as cost of sales	**402,058**	7,325
Promotion and advertising expenses	**187,985**	184,001
Revenue sharing fee to payment channels	**184,722**	128,616
Remuneration paid to influencers	**146,640**	263,830
Bandwidth and storage related costs	**97,644**	79,809
Depreciation of property and equipment and right-of-use assets	**42,701**	52,663
Tax and levies	**32,860**	23,896
Amortization of intangible assets	**20,082**	23,276
Travelling and entertainment expenses	**15,235**	16,874
Utilities and office expenses	**12,228**	11,994
Auditors' remuneration		
– Annual audit services	**5,740**	5,660
– Non-audit services	**50**	–
Others	**99,493**	78,743
Total cost of sales, selling and marketing expenses, administrative expenses and research and development expenses	**2,159,387**	1,742,405

5 Income tax expense

The income tax expense of the Group for the year ended December 31, 2022 and 2021 are analyzed as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Current income tax	**29,938**	31,407
Deferred income tax	**126,401**	35,088
	156,339	66,495

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Profit/(Loss) before income tax:	**175,230**	(10,935)
Tax calculated at statutory income tax rates applicable to profit/(loss) of the consolidated entities in their respective jurisdictions	**118,688**	18,298
Tax effects of:		
– Preferential income tax rates applicable to subsidiaries	**3,024**	1,681
– Tax losses and temporary differences for which no deferred income tax asset was recognized	**62,464**	35,221
– Utilization of previously unrecognized deductible tax losses	**(36,650)**	(25,277)
– Super Deduction for research and development expenses *(Note (d))*	**(2,323)**	(1,647)
– Income not subject to tax	**–**	(18,493)
– Expenses not deductible for income tax purposes:		
– Goodwill impairment	**–**	40,510
– Share-based compensation	**11,101**	12,267
– Others	**35**	3,935
Income tax expense	**156,339**	66,495

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As of December 31, 2022, certain PRC subsidiaries of the Group suffered operating losses for the year. Based on management's assessment, the Group did not recognize deferred income tax assets of RMB940,460,000 in respect of losses to RMB3,970,683,000 that can be carried forward against future taxable income. The tax losses as of December 31, 2022 amounting to RMB142,390,000 can be carried forward indefinitely, and the remaining amount of RMB3,828,293,000 will expire from 2023 to 2032.

(a) Cayman Islands and BVI Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of the British Virgin Islands (the "**BVI**") are exempted from BVI income taxes.

(b) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax under the two-tiered profits tax regime, which the tax rate is 8.25% for assessable profits in the first HK$2 million and 16.5% for any assessable profits in excess. However, for two or more connected entities, only one of them may elect the two-tiered profits tax rates.

(c) Corporate income tax in other countries

Income tax rate for subsidiaries in other jurisdictions, including the United States, Japan and Singapore were ranging from 17% to 21%. No provision for profits tax has been made as the Group did not have any assessable profits subject to these jurisdictions for the year.

(d) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was calculated at the tax rate of 25% on the assessable profits, based on the existing legislation, interpretations and practices in respect thereof.

Dajie Zhiyuan, Tianjing Meijie Technology Co., Ltd. ("**Meijie**") and Meidd Technology (Shenzhen) Co., Ltd. ("**Meidd**") have been qualified as "High and New Technology Enterprise" ("**HNTE**") under the EIT Law and were entitled to a preferential income tax rate of 15% for the years ended 31 December 2022.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities were entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**").

6 Earning/(Loss) per share

(a) Basic

	Year ended December 31,	
	2022	2021
Earning/(Loss) attributable to owners of the Company for the calculation of basic EPS *(RMB'000)*	**94,142**	(44,514)
Weighted average number of ordinary shares in issue *(thousand)*	**4,376,469**	4,318,536
Basic earning/(loss) per share *(in RMB/share)*	**0.02**	(0.01)

(b) Diluted

The shares options awarded under Pre-IPO ESOP, awarded shares under the Post-IPO Share Award Scheme and awarded shares for the founding shareholders of the newly acquired subsidiary granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS).

The calculation of diluted EPS for the year ended December 31, 2022 is as follows:

	Year ended December 31, 2022
Earning attributable to owners of the Company for the calculation of diluted EPS *(RMB'000)*	**94,142**
Weighted average number of ordinary shares in issue *(thousand)*	**4,376,469**
Adjustments for share options and awarded shares *(thousand)*	**73,646**
Weighted average number of ordinary shares for the calculation of diluted EPS *(thousand)*	**4,450,115**
Diluted EPS *(RMB per share)*	**0.02**

As the Group incurred losses for the year ended December 31, 2021, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive losses per share for the year ended December 31, 2021 is the same as basic loss per share.

7(a) Investments in associates and a joint venture

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
As of January 1	**118,133**	83,737
Additions	**14,000**	60,000
Share of losses of the associates and the joint venture	**(13,158)**	(1,638)
Disposal	**–**	(21,758)
Currency translation differences	**4,758**	(2,208)
As of December 31	**123,733**	118,133

For the year ended December 31, 2022, none of the Group's investments in associates or the joint venture is individually material to the Group.

7(b) Financial assets at fair value through profit or loss

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
As of January 1	**801,005**	559,494
Additions	**84,321**	82,903
Converted from a financial asset to a subsidiary	**(210,321)**	–
Disposals	**(3,527)**	(22,707)
Changes in fair value	**519,821**	183,641
Currency translation differences	**3,765**	(2,326)
As of December 31	**1,195,064**	801,005

The Group made investments in redeemable convertible preferred shares and ordinary shares with preferred rights (collectively as "**preferred shares**") of certain private companies, and these investments held by the Company contain certain embedded derivatives. Additionally, in connection with certain investments in the preferred shares, the Group also holds board seats in certain investees, in which it can participate in the investees' financial and operating activities. These investee companies are accounted for as associates of the Group. After an assessment performed on the Group's business model adopted for managing financial assets and a test on whether the contractual cash flows represent, solely payment of principal and interest ("**SPPI**"), the Group recognized these investments as financial assets at fair value through profit or loss.

The Group performs assessment on the fair value of these financial assets periodically. Management reviews the investees' financial/operating performances and forecasts, and applies the appropriate valuation techniques, where applicable, in order to determine their respective fair values. During the year ended December 31, 2022, change in fair value amounting to RMB519,821,000 was recognized as other gains, net in the consolidated income statement (2021: RMB183,641,000).

7(c) Financial assets at fair value through other comprehensive income

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
As of January 1	**37,156**	9,050
Additions	**–**	15,571
Changes in fair value	**(4,412)**	13,031
Currency translation differences	**3,437**	(496)
As of December 31	**36,181**	37,156

The Group made investments in some ordinary shares of a certain private company and of a listed company, and these investments are not held for trading. The Group has made an irrevocable election at the time of initial recognition of these instruments to account them as equity investments at fair value through other comprehensive income.

During the year ended December 31, 2022, change in fair value amounting to RMB4,412,000 was recognized as other comprehensive income in the consolidated balance sheet (2021: RMB13,031,000).

8 Trade receivables

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**364,503**	362,862
Less: loss allowance	**(13,870)**	(6,079)
	350,633	356,783

The Group grants credit periods of 30 to 120 days to its customers. As of December 31, 2022 and 2021, the aging analysis of trade receivables based on transaction dates was as follows:

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Up to 6 months	**286,798**	303,111
6 months to 1 year	**68,122**	55,307
Over 1 year	**9,583**	4,444
	364,503	362,862

As of December 31, 2022 and 2021, the carrying amounts of trade receivables were primarily denominated in RMB and approximated their fair values.

9 Cash and bank balances

(a) Cash and cash equivalents

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Cash at bank and in hand	**528,193**	738,732
Short-term bank deposits with initial terms within three months	**418,409**	–
	946,602	738,732

(b) Restricted cash

As of December 31, 2022, RMB300,000 (2021: RMB500,000) of restricted deposits were held in a bank to guarantee payments of certain operating expenses.

10 Share capital and premium

On November 25, 2016, the Company's shareholders resolved, among other things that, subject to the completion of initial public offering and fulfilment of certain other conditions, all the issued and unissued preferred shares will be re-classified and re-designated as ordinary shares of US$0.0001 par value each, following which each issued and unissued ordinary share of US$0.0001 par value each of the Company will be subdivided into 10 Shares of US$0.00001 par value each such that the authorized share capital of the Company shall be US$60,000 divided into 6,000,000,000 shares of par value US$0.00001 each ("**Share Subdivision**"). The share information stated as follows is after sub-division.

As of December 31, 2022 and 2021, the authorized share capital of the Company comprised 6,000,000,000 ordinary shares with par value of US$0.00001 per share.

	Note	**Number of ordinary shares** *'000*	**Nominal value of ordinary shares** *US$'000*	**Equivalent nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*
Issued:					
As of January 1, 2022		**4,352,403**	**43**	**281**	**7,136,647**
Employee share option scheme under Pre-IPO ESOP					
– Shares issued and proceeds received	*(a)*	**849**	*	**	**173**
Post-IPO Share Award Scheme:					
– Shares issued	*(b)*	**60,000**	**–**	**–**	**–**
Consideration of business acquisition					
– Shares issued		**29,453**	*	**2**	**37,299**
As of December 31, 2022		**4,442,705**	**43**	**283**	**7,174,119**
As of January 1, 2021		4,314,493	43	280	7,135,115
Employee share option scheme under Pre-IPO ESOP					
– Shares issued and proceeds received	*(a)*	7,910	*	1	1,532
Post-IPO Share Award Scheme:					
– Shares issued	*(b)*	30,000	–	–	–
As of December 31, 2021		4,352,403	43	281	7,136,647

* The amount is less than US$1,000.

** The amount is less than RMB1,000.

(a) During the year ended December 31, 2022, 849,250 pre-IPO share options with exercise price of US$0.03 were exercised (2021: 7,910,303 pre-IPO share options).

(b) During the year ended December 31, 2022, the Company issued 60,000,000 new shares under the Post-IPO Share Award Scheme (2021: 30,000,000 shares).

11 Trade and other payables

The aging analysis of trade payables (including amounts due to related parties of trading in nature) based on transaction date is as follows:

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Up to 1 year	**131,513**	99,951
1 to 2 years	**494**	904
Over 2 years	**3,308**	3,302
	135,315	104,157

12 Dividends

No dividends have been paid or declared by the Company during the year ended December 31, 2022 (2021: nil).

The Board of Directors proposed a final dividend of RMB77,999,000 or HK$0.02 per ordinary share out of the share premium account of the Company for the year ended December 31, 2022. Such dividend is to be approved by the shareholders at the Annual General Meeting on June 26, 2023. These consolidated financial statements do not reflect this dividend payable.

13 Subsequent Events

Save as disclosed in Note 12, there were no material subsequent events during the period from December 31, 2022 to the approval date of these financial statements by the Board of Directors on March 30, 2023.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended December 31, 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders of the Company (the "**Shareholders**").

During the year ended December 31, 2022, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") for the time being in force.

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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2022.

The Board has also adopted the Model Code and have established internal written guidelines pursuant thereto to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the year ended December 31, 2022 after making reasonable enquiry.

Audit Committee and Review of Financial Statements

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. ZHOU Hao, Dr. GUO Yihong and Mr. LAI Xiaoling. Mr. ZHOU Hao is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results announcement and the audited financial statements of the Group for the year ended December 31, 2022. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of the senior management and the Company's auditor. Based on the review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2022.

The consolidated financial statements of the Group have been audited by the Company's auditor, in accordance with International Standards on Auditing.

Scope of Work of the Company's Auditor

The figures contained in this announcement of our Group's consolidated results for the year ended December 31, 2022 have been agreed by the Company's auditor, to the figures set out in the audited consolidated financial statements of our Group for the year ended December 31, 2022. The Company's auditor performed this work in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The work performed by the Company's auditor in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this announcement.

Use of Net Proceeds from Listing

The shares of the Company were listed on the Stock Exchange on December 15, 2016 (the "**Listing**"). The net proceeds from the Listing amounted to approximately RMB4,302.8 million[(1)].

As at December 31, 2022, the Group had utilized the net proceeds as set out in the table below:

	Net proceeds from the Listing[(1)] (RMB million)	**Unutilized amount as at December 31, 2021**[(1)] (RMB million)	**Utilization for the year ended December 31, 2022**[(1)] (RMB million)	**Unutilized amount as at December 31, 2022**[(1)] (RMB million)
Component and raw material sourcing to produce smartphones	1,247.6	–	–	–
Investment in or acquisition of businesses that are complementary to our business	972.4	90.2	90.2	–
Implementation of sales and marketing initiatives in both China and overseas market	847.3	–	–	–
Expansion of Internet services business	564.3	24.9	24.9	–
Expansion of research and development capabilities	282.1	–	–	–
General working capital	389.1	–	–	–

Note:

(1) The figures were based on an average of the prevailing exchange rates of RMB against a foreign currency in 2022.

Annual General Meeting

The annual general meeting is scheduled to be held on June 1, 2023 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed from May 25, 2023 to June 1, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM to be held on June 1, 2023. All transfers of shares of the Company accompanied by the relevant share certificates and transfer forms (together the "**Share Transfer Documents**") must be lodged for registration before 4:30 p.m. on May 24, 2023.

The register of members of the Company will be closed from June 7, 2023 to June 9, 2023, both days inclusive, in order to ascertain the Shareholders entitled to the Final Dividend to be approved at the AGM. In order to qualify for Final Dividend, all Share Transfer Documents must be lodged for registration before 4:30 p.m. on June 6, 2023.

The Share Transfer Documents shall be lodged for registration with the Company's branch 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.

Publication of Annual Results and Annual Report

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.meitu.com. The annual report of the Group for the year ended December 31, 2022 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

APPRECIATION

Finally, on behalf of everyone at Meitu, I would like to express our sincere gratitude to all our users. I would also like to thank all our employees and management team for demonstrating Meitu's core values in every day's work, and in executing the Group's strategy with professionalism, integrity, and dedication. We will strive to "make beauty accessible through technology", helping our users to become more beautiful and assisting with the digital transformation of the beauty industry.

By order of the Board
Meitu, Inc.
Cai Wensheng
Chairman

Hong Kong, March 30, 2023

As at the date of this announcement, the executive directors of the Company are Mr. Cai Wensheng and Mr. Wu Zeyuan (also known as Mr. Wu Xinhong); the non-executive directors of the Company are Dr. Guo Yihong, Dr. Lee Kai-fu and Mr. Chen Jiarong; the independent non-executive directors of the Company are Mr. Zhou Hao, Mr. Lai Xiaoling and Ms. Kui Yingchun.

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group 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 realized 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. Shareholders and potential investors should therefore not place undue reliance on such statements.