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### OVERVIEW

#### Who We Are

We are a growing and result-oriented platform that provides users with a comprehensive fitness solution to help them achieve their fitness goals. We generated a majority of our revenue from the sales of our self-branded fitness products during the Track Record Period. We offer extensive and professional fitness content with AI-assisted personalized curriculums, encompassing interactive live streaming classes and recorded fitness courses, that dynamically adjust course content and workout intensity based on users’ athletic levels, fitness goals, daily workout patterns and diet. Our content is complemented by a variety of smart fitness devices, fitness gear, apparel and food, which enables us to seamlessly connect the physical and digital realms to create an immersive, one-stop fitness experience.

Our *Keep* brand is highly influential and has become synonymous with passion for fitness. *Keep* is the largest fitness platform in China in terms of MAUs, and number of workout sessions completed by users in 2022. 77.5% of fitness population in China knew of the *Keep* mobile app. We have made efforts to make fitness more accessible to a larger population, encourage tens of millions to become our users, or *Keepers*, and inspire them to develop a sense of belonging in our community. In 2019, 2020, 2021 and 2022, our platform recorded average MAUs of 21.8 million, 29.7 million, 34.4 million and 36.4 million, respectively. In 2022, our MAUs collectively recorded approximately 2.1 billion workout sessions on our platform. Supported by our compelling offerings and powerful brand, we have been able to quickly expand our user base and solidify our market leading position.

#### Our Market Opportunity

China has a large yet under-developed and under-served fitness market, previously relying on a traditional model of offline gyms, which typically results in lower access and participation compared to online fitness. The traditional fitness model sets high entry barriers for beginners, as offline gyms and fitness classes are often costly, have time and location limitations, deliver inconsistent quality and user experience, and are less accessible in lower-tier cities in China. We believe that both the size of the fitness population and the annual spending of the fitness population in China present significant growth potential. China had the world’s largest fitness population of 374.0 million in 2022, which is expected to reach 463.5 million by 2027. At the same time, the average annual spending of the fitness population in 2022 was RMB2,518.3 per person in China, which was much lower than that of RMB16,425.2 in the United States, demonstrating significant growth potential.

With our online fitness solution, we have effectively addressed major pain points in China’s fitness market and fundamentally redefined people’s relationship with fitness. Our platform not only enables people to exercise anytime and anywhere, but also creates a personalized, interactive and immersive fitness experience that enables people to train with greater efficiency at a lower cost. These value propositions make us popular among fitness population, and attract many newcomers to our community.

#### Our Comprehensive Fitness Solution

We have developed a comprehensive fitness solution that covers users’ entire fitness life cycle, from planning fitness goals and accessing fitness courses, to choosing fitness gear and healthy food

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and tracking measurements such as weight and heart rate. Our offerings consist of online fitness content, smart fitness devices, and complementary fitness products, as illustrated below.



*Our offerings reinforce one another to address diversified fitness needs*

**Online Fitness Content.** Our content mainly includes recorded courses and live streaming classes, both of which are developed in-house or created by third parties such as influencers and other fitness content providers. Leveraging AI algorithms, we also provide personalized fitness curriculums that dynamically adjust course content and workout intensity based on users’ athletic level, fitness goals, daily workout patterns and diet, thereby optimizing the training results for our users. We constantly refine our content based on user insights that enable us to create new courses with better efficiency and effect. We also offer our users the opportunity to engage with more customized premium content by subscribing to our membership services. Our platform has experienced a steady increase in our membership penetration rate, from 3.5% in 2019, 6.4% in 2020 to 9.5% in 2021, and further increased to 10.0% in 2022, demonstrating the success of our membership solution.

- **Recorded Courses.** We have an ever-growing number of content offerings encompassing approximately 21,200 recorded fitness courses as of December 31, 2022. Our MAUs have recorded approximately 1.3 billion workout sessions on our platform following our recorded courses in 2022. Users can freely choose a variety of courses based on their fitness goals, body part focuses, fitness categories, difficulty levels, and fitness gear available. Our recorded fitness courses feature a mix of in-house instructors, influencers on our platform, third-party fitness professionals, and other celebrities to enrich our content offerings and cater to users’ diverse preferences.
- **Live Streaming Classes.** Our live streaming classes provide a social and interactive forum for users to engage directly with instructors, including our in-house instructors and influencers on our platform, and among users themselves. In 2022, we offered over 9,100 live streaming classes on our platform. The total workout sessions following our live

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streaming classes in 2022 were 17.1 million. We introduced interactive features to live streaming classes in June 2020, and recorded 7.4 million interactions in 2022. Through bullet chatting, instructors can tailor their classes based on users’ real time feedback to meet their dynamic demands and preferences.

**Smart Fitness Devices.** Enabled by an array of innovative features such as AI, automation and social interaction, our smart fitness devices, including smart bikes, wristbands, scales, and treadmills, increase the value of our platform to users by working synergistically with our online fitness content. These devices track and analyze fitness activities, so that our platform is able to automatically adjust workout difficulty level and content recommendations to improve the overall fitness experience. In addition, our smart fitness devices can connect with one another to capture fitness activities across multiple application scenarios, which results in more comprehensive user profiles that we may leverage to offer more relevant recommendations and dynamically adjust fitness curriculums to maximize results. For example:

- *Keep Bike.* Our *Keep Bike* supports dynamic and automatic adjustment of resistance levels in real time based on users’ athletic levels and course targets. When combined with live streaming classes, it simulates a group cycling environment with thematic lighting and music. We were ranked the first in smart bikes as of December 31, 2022 in China in terms of the accumulative GMV of bikes sold.
- *Keep Wristband.* Our *Keep Wristband* monitors various fitness measurements such as heart rate, sleep, and blood oxygen level. Through analyzing these information, our platform can adjust AI-assisted personalized curriculums. Our *Keep Wristband* also enables users to interact with instructors and among themselves during live streaming classes.
- *Keep Smart Skipping Rope.* Our *Keep Smart Skipping Rope* is linked to the *Keep* app to record the number of jumps, heart rate and calories burned. Users’ can track progress to build workout routines and improve fitness performance.

**Complementary Fitness Products.** Leveraging the insights accumulated through growing user base and positive feedback loop, we identified users’ unmet needs in different scenarios. To that end, we offer a wide range of fitness products under the *Keep* brand that are designed with quality and style, thereby complementing our online fitness content and smart fitness devices, elevating the overall fitness experience for our users, and promoting our brand and spirit. Our fitness products include yoga mats, dumbbells, gym wear, protective gear, and other fitness accessories. We are China’s largest yoga mat brand in terms of GMV in 2022, with a 18.3% market share. We also offer a broad range of fitness food products, such as meal replacements, fitness snacks, and nutrition supplements, providing an integrated solution combining workout and diet to users. Based on users’ fitness goals, our platform is able to recommend customized diet plans, with detailed information such as suggested total calorie intake, macronutrient analysis and other health tips.

Our three business lines complement one another to create an integrated business model that covers users’ entire fitness lifecycle. Our online fitness content brings traffic to our self-branded products, as users tend to purchase smart fitness devices and complementary fitness products, such as fitness gear, apparel and food, to enhance their performance and experience during workouts. At the same time, our self-branded products redirect traffic to our online fitness content. Our fitness product customer subscribing rate was 41.3%, 41.2%, 51.8% and 45.1% in 2019, 2020, 2021 and 2022, respectively. In addition, technology empowers the integration of different segments, enables the

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efficient and reliable operation of our platform, and ultimately drives the effectiveness of our business model. As a result, we have become the one-stop destination providing a comprehensive fitness solution for fitness population in China.

### The Keeper Community

Our comprehensive fitness solution effectively attracts and retains users. We have China’s largest online fitness user base with 36.4 million average MAUs in 2022. In addition, our users are young and highly active, as approximately 74.1% of them are aged 30 or below. Social interactive features are deeply integrated into our platform, from following one’s favorite instructors and influencers and establishing routine training plans with them, to engaging in competition with friends by tracking performance and achieving fitness goals together. Users actively engage in our community to share their training results and inspire others to follow. In 2022, the total number of interactions, including posts, likes and comments, in our community reached 1.1 billion. We believe that building a community around fitness is highly complementary to the core fitness experience, making it more inspiring, more competitive, and more connected.

### Key Operating Data

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

	For the Three Months Ended															
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,				
	2019			2020			2021			2022						
	(in thousands, except for revenue)															
Average MAUs	15,535	22,436	29,245	19,875	27,103	33,251	32,750	25,833	31,032	35,709	41,751	28,939	34,275	41,080	38,558	31,638
Average monthly subscribing members	375	752	1,039	915	1,473	1,981	2,149	2,035	2,539	3,235	4,154	3,193	3,470	3,860	3,885	3,269
Average monthly fitness product customers	110	197	232	197	236	353	329	251	280	430	423	397	454	580	642	524
Average quarterly revenue per MAU (in RMB)	5.9	7.1	7.4	9.8	7.4	9.2	9.5	11.1	9.8	11.5	10.7	15.9	12.2	14.5	16.1	18.4

For further information, see “—Seasonality” and “Financial Information”.

### Our Monetization and Results

We have a diverse set of monetization channels including membership and online paid content, self-branded products, and advertising and other services, which are complementary to one another. Our membership allows subscribing members to access premium services such as exclusive fitness courses, live streaming classes, AI-assisted personalized fitness curriculums, and discounts on our self-branded products. We also offer an extensive range of self-branded products including smart fitness devices, fitness gear, apparel and food, which are available in our own online store and on third-party e-commerce platforms. In addition, with China’s largest online fitness user base, we have attracted brands and merchants to our advertising services.

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Driven by our comprehensive suite of offerings and the ability to create a personalized and integrated solution, characterized by professional fitness content and fitness products that are and customized for individuals’ athletic levels, we have achieved continued growth during the Track Record Period. We generated a majority of our revenue from the sales of self-branded fitness products and invested significantly in the research and development of platform design and fitness content during the Track Record Period. Our revenue grew by 66.9% from RMB663.1 million in 2019 to RMB1.1 billion in 2020, increased by 46.3% to RMB1.6 billion in 2021, and further increased by 36.6% to RMB2.2 billion in 2022. Gross profit grew by 83.2% from RMB272.6 million in 2019 to RMB499.4 million in 2020, increased by 35.5% to RMB676.6 million in 2021, and further increased by 33.1% to RMB900.4 million in 2022. We experienced losses during the Track Record Period as we prioritized strategic path formulation and business model optimization. Our loss for the year increased from RMB735.0 million in 2019 to RMB2.2 billion in 2020 primarily as a result of the fair value changes of preferred shares. Our loss for the year increased from RMB2.2 billion in 2020 to RMB2.9 billion in 2021 as we strategically increased spending in traffic acquisition and branding to further acquire, activate and retain users, such as attracting new users through advertisements on various third-party apps. We recorded loss for the period of RMB2.9 billion in 2021 compared to loss for the period of RMB104.6 million in 2022. The change was primarily a result of the changes of the fair value of preferred shares. During the Track Record Period, we incurred branding and marketing promotion expenses and other related expenses of RMB190.6 million in 2019, RMB178.2 million in 2020, RMB746.9 million in 2021 and RMB377.7 million in 2022. Such expenses allowed us to increase mindshare, expand our user base and enhance monetization capability. We believe the distinct attributes of the online fitness industry generally require a higher level of investment in general branding, marketing and user acquisition, especially in China, where online fitness market is yet under-penetrated but possesses significant growth potential. Our adjusted net loss (non-IFRS measure) was RMB366.5 million, RMB106.4 million, RMB826.5 million and RMB666.9 million in 2019, 2020, 2021 and 2022, respectively. See “Financial Information—Non-IFRS Measure: Adjusted Net Loss”.

The following table breaks down our revenue by amounts and as percentages of our total revenue for the periods presented:

	For the Year Ended December 31,							
	2019		2020		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
<b>Revenue:</b>								
Self-branded fitness products . . . . .	396,034	59.7	636,709	57.5	872,452	53.9	1,136,971	51.4
—Smart fitness devices . . . . .	135,061	20.4	220,830	20.0	286,516	17.7	438,875	19.8
—Complementary fitness products . . . . .	260,973	39.3	415,879	37.5	585,936	36.2	698,096	31.6
Membership and online paid content . . . . .	151,322	22.8	338,024	30.5	557,581	34.4	894,167	40.4
—Membership subscription . . . . .	136,680	20.6	305,199	27.6	487,881	30.1	563,064	25.4
—Online paid content . . . . .	14,642	2.2	32,825	2.9	69,700	4.3	331,103	15.0
Advertising and others . . . . .	115,763	17.5	132,044	12.0	189,505	11.7	180,413	8.2
—Offline centers . . . . .	30,019	4.5	20,839	1.9	30,888	1.9	19,540	0.9
—Advertising and others (excluding offline centers) . . . . .	85,744	13.0	111,205	10.1	158,617	9.8	160,873	7.3
<b>Total</b> . . . . .	<b>663,119</b>	<b>100.0</b>	<b>1,106,777</b>	<b>100.0</b>	<b>1,619,538</b>	<b>100.0</b>	<b>2,211,551</b>	<b>100.0</b>

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	Year Ended December 31,							
	2019		2020		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
<b>Revenue from sales of self-branded fitness products</b>								
Non-wholesale channels . . . . .	357,711	90.3	561,371	88.2	648,474	74.3	886,106	77.9
—Sales through <i>Keep</i> online stores on third party platforms . . . . .	202,348	51.1	360,763	56.7	444,795	51.0	656,460	57.7
—Sales directly through <i>Keep</i> platform . . . . .	155,363	39.2	200,608	31.5	203,679	23.3	229,646	20.2
Wholesale channels . . . . .	38,323	9.7	75,338	11.8	223,978	25.7	250,865	22.1
<b>Total . . . . .</b>	<b>396,034</b>	<b>100.0</b>	<b>636,709</b>	<b>100.0</b>	<b>872,452</b>	<b>100.0</b>	<b>1,136,971</b>	<b>100.0</b>

## OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success:

### Largest and Innovative Platform for Online Fitness

We are the go-to online destination for fitness and healthy lifestyles in China. In 2022, we had an average of 36.4 million MAUs, making us the largest fitness platform in China. In 2022, our MAUs also cumulatively participated in 2.1 billion workout sessions on our platform, including 1.3 billion workout sessions following our recorded courses, making us the No. 1 online fitness platform in China in terms of the number of workout sessions, according to the CIC Report. Our offerings go beyond fitness content and include self-branded products such as smart fitness devices, gear, apparel, and food, thereby providing users with a one-stop solution and driving growing engagement.

We have redefined many aspects of the fitness industry in China with innovative advancements. We were the first in China to introduce structured fitness courses and has the largest fitness module library in China. Building upon modularized standard moves, we introduce intelligence into our course design and development. We were among the first to introduce AI-assisted fitness curriculums to provide users with a more systematic and personalized fitness solution. Our AI-assisted fitness curriculums automatically formulate workout and diet plans based on users’ athletic levels, fitness preferences and goals, dynamically adjust workout intensity and diet recommendations, and systematically help users make fitness progress. We were also the first in China to introduce an intelligent resistance level adjustment system to *Keep Bike* and cycling content, according to the CIC Report. In addition, we were the first in China to map personalized running routes based on users’ running records. Along our recommended routes, users can explore unique cultural and natural landmarks. By seamlessly integrating an online and offline fitness experience powered by technology innovation, we have turned fitness into a lifestyle that can be pursued by anyone, anytime and anywhere.

### Extensive, Professional, Personalized and Dynamic Content Offerings

Our library of extensive, professional, personalized and dynamic content is at the core of our success. Over the years, we have developed the largest library of recorded fitness courses in China in terms of total number of fitness courses offered as of December 31, 2022. We have accumulated deep domain expertise in content development and production. Our recorded courses, including proprietary structured courses and video courses, and interactive live streaming classes, along with our AI-assisted

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curriculums, cover a variety of fitness scenarios, including indoor and outdoor workouts, with or without fitness gear.

- *Extensive.* We have accumulated extensive content in terms of both volume and breadth. As of December 31, 2022, we had approximately 21,200 recorded fitness courses on the platform, covering various fitness categories and difficulty levels to help users achieve diverse fitness goals based on their fitness experience and preferences. Our current offerings include strength training, cardio, dancing, boxing, running, stretching, yoga, Pilates, meditation and Tai Chi. We offer content developed in-house or by influencers on our platform, and content licensed from other fitness professionals and fitness content providers. As of December 31, 2022, the fitness influencers, fitness professionals and content providers on our platform contributed to approximately 17,800 recorded courses.
- *Professional.* We have a specialized and professional team with years of industry experience. Our content development experts and in-house instructors are devoted to understanding users’ needs and preferences to help us better form and adjust our near-term and long-term content strategies. We also systematically guide the fitness influencers to develop professional and high-quality content focusing on achieving diverse fitness goals.
- *Personalized.* We offer a comprehensive suite of structured courses that are designed to meet diversified demand of users through hundreds of thousands of unique combinations, including single move instructions and repetition modules. Our AI-assisted curriculums offer comprehensive and personalized fitness programs consisting of various fitness content and food recommendations based on users’ athletic level and fitness goals. The content of these personalized curriculums is dynamically adjusted based on users’ progression and feedback, thereby guiding them to achieve their goals more effectively.
- *Dynamic.* We systematically create new content to timely capture the market trends. We gain extensive first-hand user insights through close interaction with users and continuous collection of user feedback. In addition, our live streaming classes also deliver a dynamic fitness experience where instructors can interact with users and adjust content based on users’ feedback in real time.

We encourage every user on our platform to become a fitness influencer, who may bring their passion to others by creating fitness content on our platform. We also recruit fitness professionals around the world to join our platform to further enrich our content offerings and influence users. We believe that our extensive, professional, personalized and dynamic content offerings are critical to attracting new users to our community, where they can start their fitness journey for themselves and influence others in their lives.

### **Superior User Experience Underpinned by our Smart, Interactive and Immersive Fitness Solution**

We offer our users a superior experience with our smart, highly interactive and immersive fitness solution that integrates online and offline experiences and creates a real-time face-to-face ambience.

- *Smart.* Our online fitness content and smart fitness devices are highly compatible and seamlessly integrated, which delivers a highly personalized experience. For example, our smart *Keep Wristband* monitors users’ heart rates and calculates calories burned on a real-time basis, which are transmitted to our platform to further adjust the fitness curriculums.

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If the heart rate exceeds a certain recommended range, the duration of breaks between fitness moves will be automatically extended to give users more time to rest.

- *Interactive.* We have established multiple layers of interaction for our users. Users are connected to our content through real-time feedback and AI-assisted fitness curriculums that dynamically adjust fitness courses to users’ personalized needs. Users are also connected to instructors and each other through interactive features in our community and bullet chatting during live streaming classes. Based on users’ real-time feedback, our instructors can understand users’ situations better and dynamically adjust content to enhance the user experience. Other interactive features such as group competitions and leader boards in live streaming classes further simulate a real-time face-to-face fitness environment.
- *Immersive.* Built upon the smart and interactive features, we aim to deliver an immersive online experience to our users. Our live streaming classes and recorded video courses feature trendy music with strong beats, colorful lighting effects, interactive functions such as express bullet chatting, and professional studio setups to simulate face-to-face fitness environment to better motivate users during workouts. The competitive features in live streaming classes also incentivize users to fully immerse themselves.

### **Next Generation Brand Supported by a Vibrant Community**

The core value of our brand is to encourage people to be more energetic and enjoy fitness as a lifestyle. We aspire to enable everyone to participate in fitness anytime, anywhere, constantly challenge themselves for self-betterment, nurture a strong sense of belonging, and bring positive influence to their communities. Our *Keep* brand encourages positive energy among users and has become synonymous with a healthy lifestyle.

Our platform and brand are highly influential in China. Our users appreciate and are willing to recommend our products and content to other people. Our users cumulatively shared our content directly from *Keep* to social media platforms over 38 million times in 2022, respectively. In our first year of launch, *Keep* was awarded the 2015 Best App in China by Apple. *Keep* also received the highest rating among all fitness apps in China in the Apple app store in 2022.

We strive to create and lead a new fitness lifestyle. Our core beliefs have encouraged tens of millions to become *Keepers* and share their passion for living a healthy and active life. These users regard our platform as the arena for their self-betterment, enjoy fitness and sports, and become fitness enthusiasts. We believe that our large user base, innovative business model, and strong brand recognition among fitness users in China enable us to capture the significant growth potential in the fitness industry.

### **Proprietary Platform Driven by Insights and Technology**

Technology innovation is deeply rooted in our corporate culture. Leveraging our cutting-edge technology capabilities and extensive industry insights, we are well positioned to effectively predict market trends and meet user demand.

Our platform is built on an insight-driven architecture that is constantly fine-tuned by our data insights, AI optimization and applications. Empowered by proprietary AI technology, our platform enables us to efficiently develop fitness content that is personalized for each user. We have derived



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in-depth understanding of users through their interactions with our platform and measurements from smart fitness devices, including body measurements, total calories burned, fitness goals and preferences, among others. Based on such insights and through our proprietary AI applications, we have designed personalized fitness curriculums that are tailored to each user’s fitness goal and athletic level, and can be dynamically adjusted according to user progression. In addition to fitness courses, our AI-assisted fitness curriculums also offer diet and other fitness product recommendations, which provide users with a more comprehensive fitness solution and generate cross-selling opportunities.

Our smart fitness devices are enabled by state-of-the-art technologies and designed to deliver an integrated online and offline experience to our users. For example, we encourage users of *Keep Bike* to perform an initial cycling test to gauge their cycling capabilities, based on which our intelligent resistance level adjustment system can automatically tune the resistance level on *Keep Bike* to offer a more effective workout experience. Our smart *Keep Wristband* is also equipped with our proprietary six-axis accelerometer and gyroscope that capture fitness activities more efficiently, enabling us to generate more user insights and provide more real-time guidance to users. Our smart fitness devices serve as artificial-intelligence-driven internet-of-things, or AIoT, that are dynamic touch points for the intangible online fitness content.

Our users accumulate a considerable amount of fitness records on our platform, such as running routes, personal records, workout history, and archived course content. We create visual representations on our platform so that users perceive *Keep* as a personal fitness diary, which further improves user stickiness and loyalty. We also listen to our users and constantly upgrade our mobile app and refine our products and services. Users’ engagement with the our fitness products together with information collected from users when they upload their workout record and provide feedback after training sessions allow us to better understand user preferences. The feedback loops then enable us to make changes quickly and adapt to user feedback in real-time while keeping users engaged.

### **Diversified Monetization Model Driven by Multiple Growth Levers**

Our fitness content and fitness products reinforce and complement each other, and have demonstrated synergies. Leveraging our large user base, this integrated business model brings cross-selling opportunities. As we expand our content offerings, more users are attracted to our platform, bringing more monetization opportunities and enhancing our attractiveness to fitness professionals and content providers, who will further enrich our content offerings, thereby forging a virtuous cycle. The opportunity for immersive marketing that resonates with our user base also attracts brands and merchants to our platform for advertising services, further expanding our monetization opportunities. As we continuously build our user loyalty, we believe users’ general willingness to subscribe to memberships and purchase our self-branded products will grow over time, resulting in improved financial performance. Our average monthly membership retention rate was 70.8%, 73.3%, 71.7% and 65.3% in 2019, 2020, 2021 and 2022, respectively. In 2019, 2020, 2021 and 2022, our monthly average workout sessions per MAU was 4.3, 5.0, 4.1 and 4.8, respectively, and our monthly average workout sessions per subscribing member was 13.5, 10.9, 7.2 and 7.8, respectively.

Currently, we generate revenue from membership and online paid content, self-branded products, and advertising and other services. Our revenue from the membership and online paid content has been growing rapidly. Our platform has also experienced a steady increase in membership penetration rate, which increased from an average of 3.5% in 2019 to an average of 6.4% in 2020, an average of 9.5% in 2021, and further increased to an average of 10.0% in 2022, compared to the

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industry average of 5.8% in China in 2022. At the same time, our self-branded fitness products contribute significantly to our revenue, and we have a successful track record of developing and launching popular fitness products. The *Keep* brand was ranked No. 1 in smart bikes in 2022 in China in terms of GMV. We also monetize through advertising services and have attracted a large base of brands and merchants as our advertising customers.

### Experienced Management Team

Our young and energetic team are followers of our core beliefs, passionate about fitness, and eager to embrace technological innovations and advancements. They are also motivated to influence others and share the fun of fitness with more people in their communities and our society.

Mr. Wang Ning, our founder, the chairman of the board of Directors and chief executive officer, is a young and visionary entrepreneur, and our first *Keeper*. His passion and expertise on fitness continue to inspire and influence us. Mr. Wang believed that an online fitness solution enabled by technology would redefine many aspects of the fitness industry and lead to a healthier lifestyle in China, and founded *Keep* in 2014.

Our experienced management team has strong execution capabilities. Mr. Peng Wei, our co-founder, Executive Director and vice president of online operations, introduced our proprietary structured courses that combine technology with fitness to elevate user experience. Mr. Liu Dong, our co-founder, Executive Director and vice president of consumer fitness products, had over 20 years of experience in supply chain management and product design, and has been standardizing and optimizing the quality of our fitness products to further enhance our brand and user experience. Our chief financial officer, Mr. Huang Weibo, has approximately 20 years of experience in financial management, held senior positions in a renowned public accounting firm and top technology companies in China. We believe that the collective technology and operational experience of our management team has contributed to and will continue to pave the way for our success.

## BUSINESS STRATEGIES

The online fitness market in China reached RMB455.6 billion in 2022 and is expected to increase to RMB1,285.4 billion in 2027, representing a CAGR of 23.1%. As various key factors continue to drive the growth of China’s online fitness market, we believe that we are well positioned to continue to address the demand in this market. As an online platform, we offer professional online fitness content and engaging online fitness communities so that users can enjoy affordable fitness workouts at home that are suitable for all athletic levels. We are also actively updating our technology, design, fitness content and products to catch evolving user needs. See “Industry Overview—China’s Fitness Market—Key Growth Drivers of China’s Fitness Market” and “Industry Overview—Key Growth Drivers of China’s Online Fitness Market.” We plan to achieve our purpose to make the world move through the following key business strategies:

### Keep on Expanding Our Addressable Market and User Base

Maintaining and growing our user base is our key strategic focus as the largest fitness platform in China. We plan to expand our addressable market by appealing to users across different ages, areas of interest, and locations. In particular, we intend to provide more targeted offerings for users across a wider age range and ramp up our efforts to expand our presence into lower-tier cities in China.

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We intend to retain and attract users by further improving our fitness solution and introducing a wider variety of fitness content and innovative smart fitness devices. We intend to further expand the fitness categories on our platform to include trendy fitness topics. We also plan to introduce more gamified features to our online fitness content through integration with our smart fitness devices. Our gamified features do not involve additional revenue and payment mechanism. As advised by the PRC Legal Adviser, the gamified features in the online fitness contents are not online games and thus would not be subject to the online games related laws and regulations. Furthermore, we will continue to expand our self-branded product offerings to complement our online fitness content and cater to the diverse needs of users, thereby attracting more users and solidifying our position as a one-stop fitness platform.

Our current business and operations overseas include (i) the access to and use of our mobile apps overseas, and (ii) the sales of certain fitness products in e-commerce platforms in North America. As our mobile apps can be downloaded and used overseas, we actively monitor the geographic restrictions on the use right of our licensed content and limit users’ access to the restricted content based on their IP addresses. For our fitness products, we conduct quality inspect, trademark analysis and other compliance check before offering them overseas. We did not have litigations, disputes, or regulatory actions related to content access or sales of fitness products overseas in the Track Record Period. The revenue generated from global users and global customers was not material during the Track Record Period. In June 2022, we strategically ceased the operation of two international mobile apps, *Keep Trainer* and *Keep Yoga*, as a part of our business strategy to streamline and consolidate our offerings to provide better user experience as our *Keep* app offers similar content and features previously offered by *Keep Trainer* and *Keep Yoga*. We currently do not have concrete and detailed expansion plan regarding our business and operations overseas. Ultimately, we seek to expand our business on a global scale and become a global brand through international marketing efforts and localized product and content development strategies. We may also selectively pursue strategic acquisitions and investments to expand our market share in the fitness industry, unlock potential synergies, and further promote our brand value, although we have not identified any specific investments or acquisition opportunities at this time.

### **Keep on Innovating and Diversifying Our Content**

We will continue to invest in the development of innovative and diversified content on our platform. We intend to continuously expand our content offerings by recruiting more quality in-house instructors, acquire quality third-party content, and expand content generated on our platform. We will continue to introduce more specialized content and expand into new fitness categories by cultivating more fitness influencers on our platform, and collaborating with more fitness professionals and content providers.

Leveraging our insights and technology, we have derived deep insights on users’ preferences and market trends, which help shape our content development strategy and enable us to produce content that better meets users’ needs. As we continue to accumulate such insights, we can further improve our personalized content offerings to enhance user experience and stickiness. With more diversified and personalized content, we will be able to deliver a more comprehensive fitness experience, and continuously enhance user retention and loyalty.

On top of our membership and online paid courses and curriculums, we will also explore other innovations around content, such as introducing virtual gifts in our live streaming classes. Moreover,

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we will continue to explore potential gamified features for our content to bring more fun and excitement to fitness leveraging the close integration between our smart fitness devices and our online fitness content.

### **Keep on Creating an Open Platform for Greater Engagement among Platform Participants**

We have established an open and highly interactive platform connecting various platform participants, including users, instructors, fitness influencers, advertisers, and other content providers. We will further open up our platform to encourage greater participation and interaction from these participants. We will inspire users and instructors to develop their own original fitness courses, promote their quality content on our platform, and also provide professional support and incentives throughout the development process. As the number of participants on our platform increases, more advertisers will be attracted to our platform as well.

To enhance engagement on our platform, we will introduce more interactive features to our online fitness community, such as chat groups with instructors and fitness influencers, which enable users to share their experiences, contribute fitness content, and form a stronger bond with one another, thereby enhancing user stickiness. With stronger user engagement and collective input from platform participants, we can deliver better products and content and attract more platform participants, further amplifying the network effect.

In addition, we will continue to create synergies across our platform by thoughtfully weaving our online fitness content, smart fitness devices, and self-branded product offerings together. As we continue to grow, we aim to form more synergies across our offerings and offerings from third parties, and encourage users to spend more time on our platform, which then draws more participants to our platform, enriches our offerings, and attracts more users.

### **Keep on Investing in Technology Capabilities**

We will continue to strengthen our technological innovations to solidify our leading position in the fitness industry. We will further invest in AI and other technologies to provide more personalized fitness content offerings to users. By increasing the granularity, accuracy and quality of fitness activities on our platform, we will gain better insights to provide more relevant recommendations of content and products to elevate the experience.

We intend to further enhance the integration of smart fitness devices and our online platform to enable a more seamless experience online and offline. In particular, continuous innovation in our smart fitness devices is our key strategic focus. In addition to investing in research and development to bring new features to our existing offerings, we will create new and smarter products to transform users' fitness experiences. We will also continue to invest in our technology infrastructure to support the innovation of our platform, such as our audio and video streaming capabilities, to enhance content quality and provide a more reliable experience for users.

### **Keep on Increasing Our Brand Value**

We believe that one of our most valuable assets is our *Keep* brand, representing the leading online fitness platform in China. We are committed to further strengthening our brand through online and offline marketing. Leveraging our deep understanding and insights on users' preferences and market trends, we will implement targeted marketing and fitness campaigns to broaden our universal appeal.

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By offering high-quality products and content, we strive to improve user experience, increase user engagement and loyalty, and create a sense of belonging in our *Keeper* community. As we inspire more people to participate in fitness, empower them to achieve their own self-betterment, become new fitness enthusiasts, and bond with one another, we will further strengthen our brand recognition. We believe that extensive word-of-mouth referrals from loyal users are our most efficient marketing channel for organic user acquisition.

### **Keep on Enhancing Our Monetization Capabilities**

We will continue to enhance our monetization capabilities and explore other monetization channels that are complementary to our overall business. We plan to continue to expand the value of our membership by providing more exclusive benefits and products to subscribing members. For example, by offering subscribing members more specialized and advanced fitness content, exclusive training classes with selected instructors, additional interactive features with other subscribing members, a member-only online store for fitness products, and innovative integration with smart fitness devices, we expect to convert more users into our subscribing members.

As we attract more users to our platform while simultaneously increasing user engagement with content on our platform, we believe users’ general willingness to pay for premium services and purchase our self-branded products will continue to grow over time, resulting in improved monetization.

### **OUR MILESTONES**

Driven by our purpose to make the world move, we have achieved the following significant milestones in our business.

- February 2015: we launched *Keep* mobile app with our proprietary structured fitness courses.
- June 2015: the MAUs on our platform reached one million.
- July 2016: the MAUs on our platform reached 10 million.
- March 2018: we expanded our offerings to include smart fitness devices and complementary fitness products under the *Keep* brand.
- September 2018: we launched membership subscription.
- July 2019: our subscribing members reached one million.
- June 2020: we launched our interactive live streaming fitness classes.
- July 2021: the MAUs on our platform reached 40 million.
- 2022: our average monthly subscribing members for the year exceeded 3.5 million.

### **OUR KEEP PLATFORM - ONE UNIFIED FITNESS ARENA FOR ALL**

We launched our *Keep* mobile app in 2015, which has become the largest fitness platform in China in 2022. We are a leader in the fitness industry in China and are reinventing how content and technology can help people achieve their diverse fitness goals efficiently and conveniently, thereby transforming fitness from a burden to an integral part of lifestyles. We believe everyone can find his or her own arena on *Keep*, a place where they compete with themselves to pursue self-betterment. With AI-assisted and interactive content and smart fitness devices on our platform, everyone who seeks fitness solutions can discover suitable offerings and receive positive reinforcement.

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Our *Keep* platform is a one-stop online destination for users seeking an effective and efficient fitness solution. When users join our platform and become a part of our *Keeper* community, they gain access to a comprehensive suite of fitness content and tools to reach their fitness goals. They start by voluntarily building their fitness profiles with basic information, such as age, gender, height and weight, preliminary fitness tests to gauge their athletic levels, and surveys to better assess their fitness goals. Based on their fitness profiles, we offer AI-assisted personalized fitness curriculums that feature our proprietary structured courses and other fitness content with suitable difficulty levels and fitness focus, typically lasting for a few weeks. In addition to the curriculums, users can join other fitness courses and even live streaming classes to interact with our instructors, and find rapport in our community during and after workouts. As users become more engaged with our platform and expand their opportunities for discovery, they may encounter courses that need smart fitness devices such as *Keep Bike* and *Keep Wristband*, or require fitness gear such as dumbbells and yoga mats, all of which are available in our online store on the *Keep* platform. Users may also find fitness clothing and fitness food easily on our platform to further complement their curriculums. Alternatively, some users get to know our platform after purchasing our smart fitness devices and start from those fitness courses related to the smart fitness devices before exploring our other extensive fitness content offerings.

We are a leader in molding and transforming the fitness industry in China. With extensive professionally generated content, or PGC, such as proprietary structured courses and live streaming classes, and various fitness tools on our platform, users can discover suitable fitness courses and curriculums that address their specific fitness goals. As our community expands, fitness professionals and influencers on our platform may capitalize on their popularity by offering diverse professional user generated content, or PUGC, including various fitness courses and curriculums, to other users, further enriching our content offerings. In addition to the network effect on a content level, our fitness content, both PGC and PUGC, brings traffic to our smart fitness devices and complementary fitness products in our online store, while people who purchase our fitness products are also drawn to our platform to explore our extensive and diverse fitness content. As users and influencers are inexorably connected through our high-quality content, social community, smart fitness devices, and online stores, our platform enjoys an overall virtuous cycle that fuels its continued growth and expansion.

### OUR USERS - “KEEPERS”

Our extensive, young and engaged user base is the key to our success. In 2022, approximately 76.7% of our total MAUs who provided their age information on average are below or at the age of 30. Younger generation is typically well-educated and technology savvy, with strong demand for innovative fitness products. In addition, approximately 54.2% of our total MAUs who provided their location information on average come from first-, new first- and second-tier cities in China in 2022, and we have observed growth in users in lower-tier cities as the reputation of our platform and brand strengthen.

We started with proprietary structured courses and have expanded our offerings by empowering users to discover quality content, enabling influencers to create and share content, attracting new users with diverse fitness goals and athletic levels, and introducing interactive live streaming classes to our platform. As a result, we have become the go-to destination for fitness users who seek an interactive, immersive and smart fitness experience. Our users have demonstrated a high level of engagement on our platform. We recorded an average MAU of 21.8 million, 29.7 million, 34.4 million and 36.4 million in 2019, 2020, 2021 and 2022, respectively. In 2019, 2020, 2021 and 2022, our monthly average workout sessions per MAU was 4.3, 5.0, 4.1 and 4.8, respectively, and our monthly average

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workout sessions per subscribing member was 13.5, 10.9, 7.2 and 7.8, respectively. Compared to the 2.7 monthly average workout sessions per MAU of the online fitness industry in China in 2022, our higher monthly average workout sessions per MAU demonstrated higher user stickiness. We experienced a decrease in monthly average workout sessions per MAU in 2021 and a decrease in monthly average workout sessions per subscribing member in 2021 due to the expansion of our user base as we attracted new users that have lower level of engagement and less developed workout habit when they first started using our platform. Our new initiatives, including the launch of more virtual sports events, spurred greater user enthusiasm in our content offerings, contributing to the increase in the monthly average workout sessions per MAU and monthly average workout sessions per subscribing member in 2022. The average monthly membership retention rate was 70.8%, 73.3%, 71.7% and 65.3% in 2019, 2020, 2021 and 2022, respectively, demonstrating strong user loyalty and stickiness. We experienced higher average monthly membership retention rate in 2020 as the outbreak of COVID-19 increased users’ willingness to workout at home. The slight decrease in the average monthly membership retention rate in 2021 and 2022 was also due to the expansion of our user base, including subscribing members for our virtual sport events.

### Profile Building

Users who visit our platform could activate the basic features on our platform, such as watching fitness courses, without registering with our platform. Users may elect to build their fitness profiles free of charge with (i) basic information, such as age, gender, height and weight, (ii) preliminary fitness tests to gauge their athletic levels, including the strength of various muscle groups and whether the users are capable of completing certain moves such as push-ups, and (iii) their fitness goals, which include body toning, muscle building, fat loss, among other things.

Based on users’ profiles, we recommend appropriate fitness courses and curriculums that are tailored to their fitness goals and athletic levels. For users who start their *Keep* journeys by purchasing our smart fitness devices, we also have initial setup tests for smart fitness devices. For example, users who have purchased *Keep Bike* are guided to the initial cycling test to assess their cycling capabilities, based on which our bikes can intelligently adjust the resistance levels for users.

### Membership Subscription

On our platform, users can freely explore and join many pre-recorded professional fitness courses and a few curriculums, and can use our outdoor activity tools to track their running, hiking and cycling free of charge. At the same time, we offer membership subscriptions which significantly expand the diversity and interactivity of our content offerings for our subscribing members. Many of our fitness curriculums are available to our subscribing members, including the AI-assisted personalized curriculums that are tailored for subscribing members based on their fitness profiles and goals and constantly adjusted according to subscribing members’ ongoing progress. In addition, subscribing members can join live streaming classes for cycling, strength training, cardio, boxing, dance and yoga, and utilize our dynamic food planning and tracking tools that offer personalized recommendations for fitness diets and recipes. We also offer coupons and discounts for other paid content and fitness products in our online store to our subscribing members. Subscribing members on average enjoyed approximately 25% discount for fitness products in our online store in 2022.

We had an average of 0.8 million, 1.9 million, 3.3 million and 3.6 million monthly subscribing members in 2019, 2020, 2021 and 2022, respectively. Our membership penetration rate increased from

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3.5% in 2019 to 6.4% in 2020, to 9.5% in 2021, and further increased to 10.0% in 2022, demonstrating the success of our customized premium fitness solution.

Users may subscribe to our monthly, quarterly or annual membership packages, with an option to automatically renew at the end of the subscription period. Once subscribed to our membership package, the subscribing member generally cannot cancel the membership of the current period or receive any refund. Subscribing members may, however, choose to cancel the automatic renewal until 24 hours before the beginning of next subscribing period through app stores.

We have specified in our membership policy that the sharing of membership subscription is not allowed and, technically, we have restricted the number of devices that can log on to the same membership account. We believe that sharing the membership subscription among multiple users does not give these users the benefit of being a subscribing member, as *Keep* helps record the personal fitness profile and exercise history for users and offers customized curriculums to meet users’ specific needs. During the Track Record Period and up to the Latest Practicable Date, we had not identified any material incidents or disputes related to multiple users sharing one membership account.

### **Fitness Influencers**

In the world of *Keep*, everyone is encouraged to become an influencer, as we believe in the pervasive power of sports and fitness. We have a group of fitness professionals and amateurs on our platform who have gained popularity in the community through their content and became influencers. We encourage and assist these influencers in creating fitness courses to further enrich our content offerings and attracting users with more diverse backgrounds. We believe that the fitness influencers serve as role models for users by motivating more people to cultivate a fitness lifestyle.

We analyze user interactions and original content generated through our platform to discover potential fitness influencers. Typically, to become influencers, users need to be experienced and knowledgeable in at least one specialized fitness area, such as training, yoga, running, dancing or cycling and have shared numerous posts that depict their fitness experience in our community. After identifying users who are passionate about sharing their fitness experience and excellent in producing original fitness content, we encourage them to become influencers on our platform, and not only give them assistance in original content production, but also help them build their fitness fan base and monetize their popularity. We also provide operation analysis to help influencers better understand followers’ preferences and offer opportunities to collaboratively produce quality content with our platform. For popular and creative influencers, we also introduce them to advertisers directly to expand their monetization opportunities. In addition, we closely track fitness trends globally and invite fitness professionals who have built their reputation and popularity elsewhere to join our platform, which complements our content offerings and helps attract new users.

### **Keeper Community**

Our online platform supports a highly engaging and interactive community gathering people who are willing to try and value fitness in their lives. Users are greeted by our powerful slogan “*Discipline Sets Me Free*” every time they open our mobile app, and we believe this has become the common spirit that influences users and unifies our *Keeper* community. Our users also publish posts to our community using all formats, including pictures, videos and texts, to record their feelings after completing fitness activities and share their thoughts on particular courses with other users. We offer

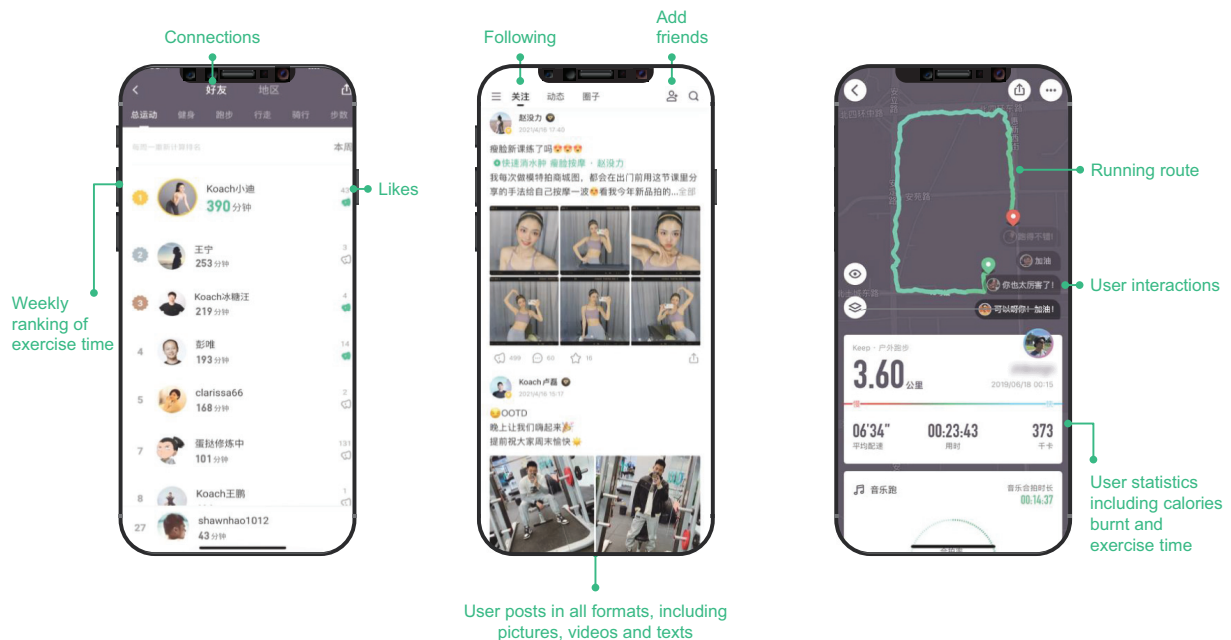


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various tools to simplify the recording and posting process for users, including generating pictures with user statistics and results from the fitness courses such as calories burnt and time spent, and automatically including the number of times the user has completed such course in the post. Users can easily follow other users, including fitness influencers and our fitness instructors, to track their updates, interact with them through comments and instant messaging, and compete with them for weekly fitness hours.

We utilize AI capabilities in our community feed to present posts that are more relevant to our users. We recommend posts that may be more interesting to users based on their past interactions and behaviors, as well as their fitness profiles. We also recommend posts from various fitness circles that a particular user is more likely to join to find rapport. Through our warm and supportive *Keeper* community, users can explore tremendous information and other users’ experiences along their fitness journeys on our platform.

The screenshots below illustrate the community feed and circles on our platform.



## OUR CONTENT OFFERINGS

We strive to provide our users with the broadest range of high-quality and engaging original and licensed content on fitness. Our content is presented in a number of formats, including (i) recorded structured courses that feature an edited combination of fitness moves shot in standardized backgrounds, (ii) recorded video courses developed by us, our influencers or other content providers, (iii) live streaming classes; and (iv) articles and short videos sharing fitness knowledge. The content on our platform, in terms of source of production, mainly includes (x) PGC that consists of recorded structured courses, recorded video courses and curriculums, as well as live streaming classes, all developed and produced in-house, (y) PUGC, which refers to recorded courses and pre-planned curriculums produced by our fitness influencers or licensed from third parties, as well as live streaming classes produced in-house but demonstrated by influencers, and (z) AI generated content, or AIGC, that encompasses structured courses and curriculums produced automatically using AI technology tailored to users’ specific needs and progress. Our fitness content is the foundation for close and active

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user engagement. In 2022, the total number of workout sessions following our recorded fitness courses was approximately 1.3 billion.

The table below sets forth our content in various formats and sources of production:

	Recorded Fitness Content			
	Structured Courses	Recorded Video Courses	Live Streaming Classes	Fitness Curriculums
PGC .....	✓	✓	✓	✓
PUGC .....	—	✓	✓	✓
AIGC .....	✓	—	—	✓

The table below sets forth workout sessions completed following all types of content for the periods indicated:

For the Three Months Ended																
March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	
2019				2020				2021				2022				
(in thousands)																
Total workout sessions completed . . .	195,874	305,463	368,009	241,613	476,451	598,495	444,139	276,442	353,420	451,474	526,561	348,002	440,116	683,601	547,598	409,342

Our high-quality and well-trained instructors, who we refer to as *Koaches* on our platform, are critical to providing users with an effective and engaging fitness experience to enjoy our proprietary fitness content, including recorded structured courses, recorded video courses and live streaming classes. As of December 31, 2019, 2020, 2021 and 2022, we had 41, 29, 37 and 44 in-house instructors producing content on our platform, respectively. Our fitness instructors help content development experts design the fitness courses and record demonstration and instruction videos for various moves.

We are highly selective in recruiting our fitness instructors, who serve as the front line in delivering our purpose, representing our brand image, welcoming users to our community, and passionately motivating users to exercise more. Before they are approved to formally record our fitness courses, our newly hired instructors must complete a rigorous and comprehensive onboarding program to ensure they have the requisite fitness skills and understanding to deliver our systematically developed content effectively. Subjects of these programs include our content development workflows, online fitness course planning, in-depth training on utilizing our platform, musical and visual presentation, corporate culture, user communication protocols and other aspects of their responsibilities. We also closely supervise our instructors’ performance and help them prepare and rehearse for live streaming classes. Our instructors for live streaming classes are required to attend relevant trainings and are subject to instructions from live streaming class directors. Directors can cut the real-time streams if there are any inappropriate behaviors. Bullet chatting during the live streaming classes is monitored directly by the AI system.

### Our Recorded Fitness Content

Our proprietary fitness content mainly includes (i) structured courses that feature an edited combination of fitness moves shot in a standardized format, (ii) video courses developed by us and demonstrated by our in-house instructors or celebrities, and (iii) a complementary Fitness Encyclopedia serving as a guide to our recorded fitness courses. As of December 31, 2022, we offered approximately 3,400 recorded fitness courses that were developed in-house. At the same time, we also offered approximately 17,800 recorded courses from fitness influencers, fitness professionals and content providers as of December 31, 2022, compared to that 7,600 as of December 31, 2021.

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The proprietary fitness courses on our platform are popular among users, indicating their originality and effectiveness. In 2022, the number of workout sessions following our recorded courses reached 1.3 billion, among which 524.9 million are workout sessions following our recorded courses developed in house, and 770.6 million are following the recorded courses developed by third parties. In 2022, 15 of the top 30 most followed recorded fitness courses on our platform were our proprietary courses, which demonstrated the popularity of our self-developed fitness content. In particular, a 13-minute at-home abs workout was one of the most popular courses on our platform, and our MAUs recorded cumulatively 210 million workout sessions following this course as of December 31, 2022.

Our fitness courses cover a wide range of fitness categories to offer our users a professional, comprehensive and constantly refreshed experience. Our current offerings include strength training, cardio, dancing, boxing, running, stretching, yoga, Pilates, meditation and Tai Chi, among other things. These courses and curriculums serve various fitness goals, such as fat loss, body toning, muscle building, flexibility, and posture improvements. Users may easily find their desired content by filters, including fitness goals, target body parts, fitness categories, difficulty levels, and fitness gear or devices used.

The following table summarizes the key difference between structured courses and recorded video courses:

	<u>Structured Courses</u>	<u>Recorded Video Courses</u>
Content . . . . .	A combination of fitness moves edited in a standardized format with breaks and repetitions	A typical continuous video of a fitness session from beginning to the end
Instructor . . . . .	In-house coaches	In-house coaches, influencers, and third-party content providers
Can be generated through AI . . . . .	Yes	No

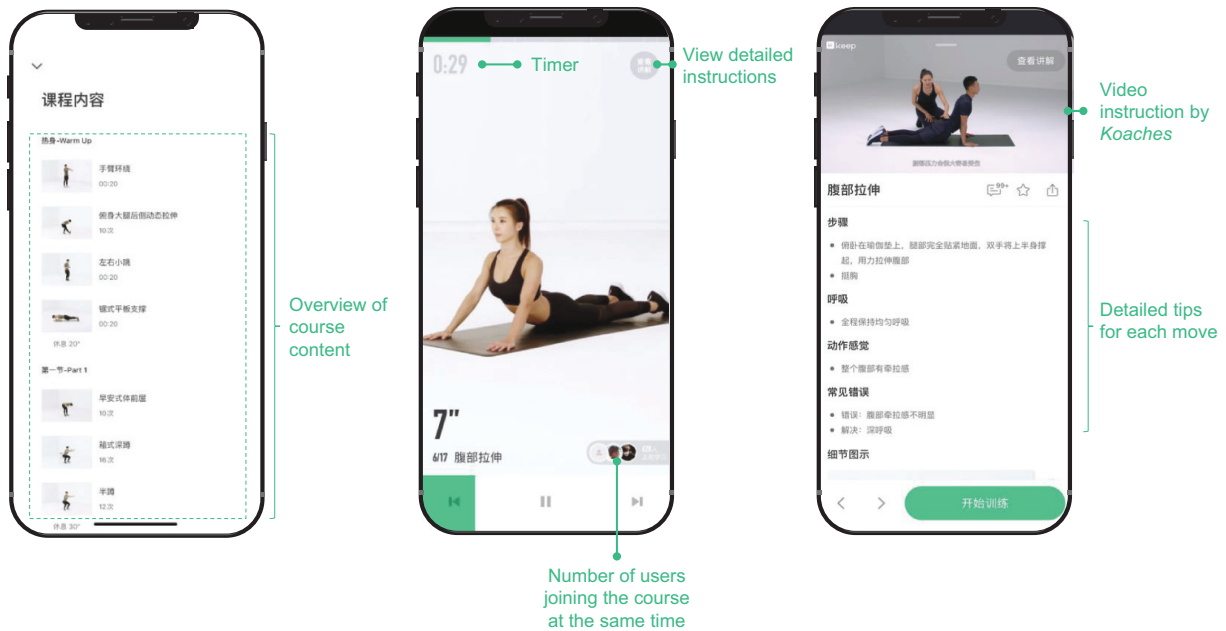
***Our Structured Courses***

Our structured courses are highly modularized, and generally range from 5 to 30 minutes consisting of 10 to 35 sections of standard fitness moves, such as push-ups, squats, and crunches, with breaks in between. Typically, most of these moves are demonstrated by our in-house instructors in the format of short videos with a standard white background. Each section shows several repetitions of simple moves, and we insert breaks between sections, the duration of which can be easily adjusted by users based on their proficiency. The courses often follow a similar routine where we start with a couple of warm-up sections and end with a few sections of relaxing and stretching moves. Since the short videos of our moves, each serving as a module in our course, are design-neutral and reusable, our time and cost of developing and producing a new structured course is reduced by building and compiling upon existing modules as the standard moves in our fitness library accumulate.

This modularized structure also enables intelligent course development leveraging AI technology, where our platform automatically generates fitness courses using moves in our library specifically for particular users based on their fitness goals and athletic levels. These courses can also dynamically adapt to changing user profiles, such as updated weight and body fat percentage received from *Keep* smart scale, and real-time responses, such as heart rate during workout received from *Keep Wristband*.

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The screenshots below illustrate our structured courses.



### **Recorded Video Courses**

Our recorded video courses cover a wide range of fitness categories, including cardio, dancing, boxing, among other things, and include courses developed in-house and by influencers and fitness content providers. Our comprehensive and performance-driven fitness content development capability is fundamental to the quality of our recorded video course offerings developed in-house. Underlying this distinctive capability are our highly systemized and streamlined development processes, which, in turn, are executed primarily by our specialized in-house instructors. Our recorded video courses also feature corresponding trendy music with strong beats, colorful lighting effects, and professional studio setups to simulate a face-to-face fitness environment from various angles to better motivate users during the workout. We sometimes collaborate with celebrities to record our video courses. Past live streaming classes delivered by our in-house instructors are also archived as our recorded video courses. We have also piloted dancing courses taught by virtual coaches using AI algorithms.

In addition to courses planned and presented by our in-house development team and instructors, we also offer content produced by fitness influencers and licensed from third-party fitness content providers. We believe that building an open platform further enriches our content offerings, attracts potential users and amplifies the network effects.

We encourage fitness influencers, including those who become influencers through our platform and fitness professionals drawn to our platform, to develop and produce fitness content to further enrich our content offerings. See “—Our Users—“Keepers”—Fitness Influencers”. PUGC has emerged as a highly popular category of content, as it combines the diversity and preference of users and the quality and specialization offered by professionals. As of December 31, 2022, our platform offered approximately 17,800 fitness courses produced by fitness influencers, fitness professionals and content providers.

We typically enter into contracts with our influencers that range from three to five years and offer them economic incentives to compensate and reward them for quality content generated on our

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platform. These contracts typically include content purchase contracts, agency agreements with influencers, and cooperation agreements with agencies of influencers. We either directly purchase their content or apply a revenue sharing model. For top influencers, we generally ensure that some of the content is exclusive or released first in China through our platform. We also ensure the content from the influencers cannot be deleted on our platform in general after the contract expires so that users who have already joined the course will still have access after the contract expires. In addition, we also collaborate with content providers to develop quality and tailored content for our platform, such as fat loss courses and ballet fitness, and we own the intellectual property rights of the designed content. We have also introduced certain creative and quality influencers to advertisers directly to expand their monetization opportunities.

Moreover, we strive to acquire fitness content that is appealing to our users, and we constantly look for desired content to expand our content offerings. We partnered with reputable fitness content providers around the world to offer licensed courses, such as Zumba, which features high- and low-intensity fitness dance moves, and Les Mills featuring at-home workout classes. We generally enter into licensing agreements with fitness content providers that range from one to three years. Under these agreements, we are granted limited license to distribute and use the licensed content at *Keep*land fitness centers or on our platform and to further promote, market and advertise through various social media channels in China. Similar to the limited license in music and other industries requiring licensing, the limited license may be limited usage to a particular geographical region, or may restrict us from further editing the content, among others.

The screenshots below illustrate the recorded video courses on our platform.



Yoga



Aerobics

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### *Fitness Encyclopedia*

In addition to structured fitness courses, we have been constantly creating articles and short videos on fitness, covering topics such as detailed dos and don'ts on workout moves, nutrition guidance during fitness curriculums, gym equipment basics, among others. We regularly publish such proprietary fitness content on other third-party social media platforms such as Weibo and Weixin public accounts, and in the Fitness Encyclopedia on our platform.

In the Fitness Encyclopedia, the fitness knowledge is organized by popular topics, including diet, fat loss, muscle building, body toning, running, yoga, posture improvement, dance, cardio, and gym, among others. Under each topic, users can read professionally generated articles covering various aspects of the topic, access related proprietary fitness courses for free, and see relevant posts from other users sharing their fitness experience. There are also sub-topics providing specific knowledge on related fitness equipment and diet and nutrition information tailored for the topic. The Fitness Encyclopedia offers users an entry to a structured and comprehensive database to acquire systematic knowledge on fitness.

### **Interactive Live Streaming Classes**

Live streaming classes provide an open venue for our users to gather online and interact with instructors, including our in-house *Koaches* and fitness influencers, and other users while they complete fitness training. Our course development professionals work closely with our instructors to effectively plan and present our course content in a stimulating and engaging manner. Unlike traditional pre-recorded courses, live streaming classes allow the users to interact with our instructors through bullet chatting on a real-time basis and therefore facilitate a more vibrant and socially native experience among instructors and users. Our instructors and course development personnel are specifically trained for online live streaming fitness classes and are subject to instructions from live streaming class directors. Directors can cut the real-time streams if there are any inappropriate behaviors. Bullet chatting during the live streaming classes is monitored directly by the AI system.

We are the pioneer of introducing live streaming to the fitness industry in China. We offer an immersive experience to our users by enabling our instructors to proactively interact with users leveraging smart fitness devices to supplement our comprehensive fitness solution. We design the live sessions with special lighting and upbeat music to make workouts enjoyable and immersive. Our smart fitness devices such as *Keep Bike* and *Keep Wristband* can be easily integrated with live streaming classes to provide an interactive experience—for example, users who wear *Keep Wristbands* will be able to join in-session competitions with other users who participate in the same live streaming class through the wristbands' real-time feeds of workout measurements, and monitor their ranking projected live on the screen. Our live streaming services enable instructors to interact with users to introduce and sell fitness products to our users.

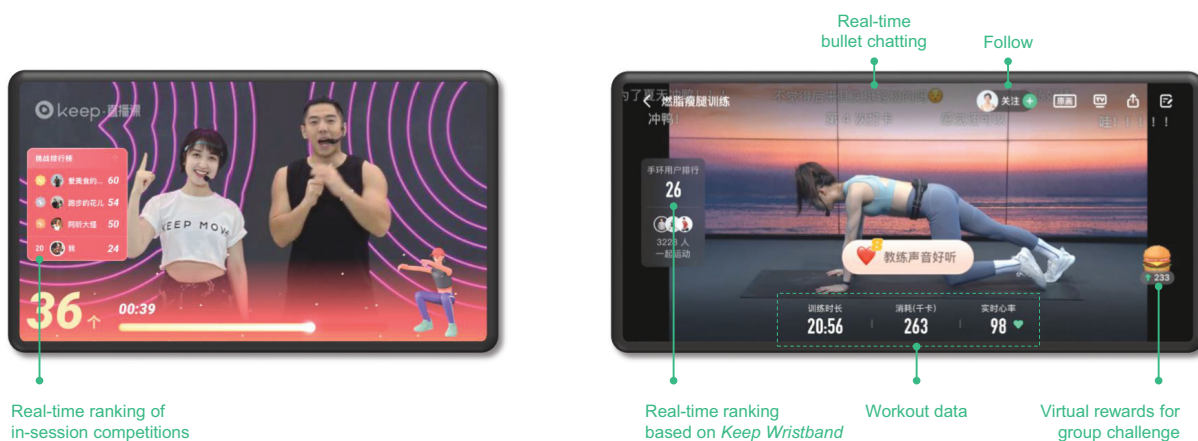
In addition, we provide a virtual gifting function for users to gift the virtual items purchased by virtual *Keep* coins to live streaming instructors. The purchase and gifting serve as a great way to stimulate the interactions between users and instructors and increase user engagement in live streaming classes. In addition to real-name registration for live streaming instructors, we also require real-name registration for users who give virtual gifting during online livestreaming classes, and prohibit minors under minor protection mode and users without real-name registration from giving virtual gifting during livestreaming classes. We have set up a customer hotline and email dedicated for minor-related concerns including potential complaints or disputes regarding minors' virtual gifting. We have not

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received any material complaints, reports or disputes on minors’ virtual gifting during the Track Record Period and up to the Latest Practicable Date. We design virtual gifting function with limits for spending. As of the Latest Practicable Date, the value of virtual gifts available in our livestreaming classes ranges from RMB0.1 to RMB88.8. We also set the limit on maximum spending for each user as RMB50,000 per day and RMB100,000 per month while there have been no explicit provisions on the standard for the maximum amount of virtual gift spending under PRC laws and regulations as of the Latest Practicable Date.

Currently, our live streaming content is available to subscribing members only and covers fitness categories such as indoor cycling, dance fitness, fat loss, cardio, strength training, boxing, and yoga. In 2022, we offered over 9,100 live streaming classes on our platform, approximately 760 per month. The total workout sessions following our live streaming classes in 2022 were 17.1 million. Since we introduced the interactive features, such as bullet chatting and high fiving during classes, to live streaming classes in June 2020, the total number of interactions increased from 0.9 million in the three months ended December 31, 2020 to 1.3 million in the three months ended December 31, 2022.

The screenshots below illustrate the live streaming classes on our platform.



The screenshots below illustrate the gifting and product-selling function in live streaming classes.



### Personalized Curriculum Planning

We offer a wide range of fitness courses featuring bodyweight exercises, free-weights exercises, high-intensity interval training, cardio, boxing, dance fitness, stretching, yoga, cycling and running, among other things. Leveraging these diverse content resources, we have designed various AI-assisted course curriculums exclusively to our subscribing members, each with its own theme and

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focus, to enable users to start achieving their fitness goals under professional guidance with one click. In 2022, the workout sessions following the courses within our fitness curriculums exceeded 183 million. For example, we offer one- and four-week personalized fat loss curriculums, and personalized curriculums for abs strengthening and leg toning, all using AI technology. The curriculums are personalized based on user profiles including fitness goals, height, weight, age, gender, and results from fitness tests that assess users’ athletic levels. See “—Our Users-“Keepers”—Profile building”. The course difficulty gradually increases as users become more fit, and the content is dynamically adjusted according to ongoing user feedback. Our comprehensive curriculums also feature relevant fitness articles and food planning and recommendation tools, which can intelligently recommend diets for users depending on their profiles and fitness content within the curriculums.

### PROFESSIONAL COURSE DEVELOPMENT

Our development professionals combine our accumulated fitness content creation experience over the past six years and our multi-dimensional user feedback to develop our comprehensive fitness courses. We have a dedicated team of fitness content development personnel that research, develop, and produce our proprietary fitness content.

User preference is the most critical factor when we plan and produce our proprietary fitness content. We hold a content planning meeting regularly where we analyze all fitness categories and how they fit into our target user profiles with different ages, genders, and annual incomes to form our production plan for the next year. For a new course, we thoroughly study the fitness and consumption trends on our platform and use industry insights and AI to identify new content topics and conduct one-on-one discussions with many target users to gauge their needs and preferences. With careful analysis, we then decide on our course content with clear views of the core value we provide and the goal we address through a given course. The course plan is subject to several rounds of internal reviews and revisions before we shoot and produce the course. After the course is launched on our platform, we track the operating performance of the course, such as course completion rate and repeat workout rate, and obtain user feedback through surveys so that we can further refine and optimize the course.

In addition, our courses are generally divided into five difficulty levels so that our users can easily choose suitable courses based on their fitness proficiency. We also recommend suitable difficulty levels based on users’ fitness test results. Many of our proprietary courses are designed in a series with progressing difficulty levels, and users may easily find corresponding higher-level courses within the same series as their athletic levels advance through practicing our fitness courses.

Additionally, it is essential for us to maintain the quality of the professional fitness content on our platform. We require reputable certifications and recognitions in relevant fitness fields for our influencers, such as American Council on Exercise (ACE), National Academy of Sports Medicine (NASM), and National Strengths and Conditioning Association (NSCA) for fitness training, Running Science Lab for running, Registered Yoga School (RYS), and Registered Yoga Teacher (RYT) for yoga, and so forth. We closely review and evaluate the fitness content produced by fitness influencers and licensed from third-party content providers to ensure its quality before publishing it on our platform. Our operating team supports the production of content by influencers and other content providers and our content development team monitors and screens the content submitted to our platform. We review and ensure that the content does not violate fitness principals and is safe for users to follow and practice. As of December 31, 2022, there were 34 employees that govern and monitor the behaviors of influencers. Our content screening employees typically hold degrees in sports and fitness



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and have at least three years of content screening experience, and we also offer periodic training sessions to keep them apprised of new fitness theories and fitness topics.

### SMART FITNESS DEVICES

Leveraging our strong technology-driven product development capabilities, we offer a range of smart fitness devices to provide users with a holistic fitness experience. These devices, mainly including *Keep Bike*, *Keep Wristband*, smart scale and treadmill, can record fitness activities, based on which we can adjust course content, curriculums and food plans. Our existing users may conveniently purchase these smart fitness devices for a more personalized fitness experience tailored to their own changing performances, while new users who purchase these smart fitness devices gain access to a brand-new approach to fitness on our platform.

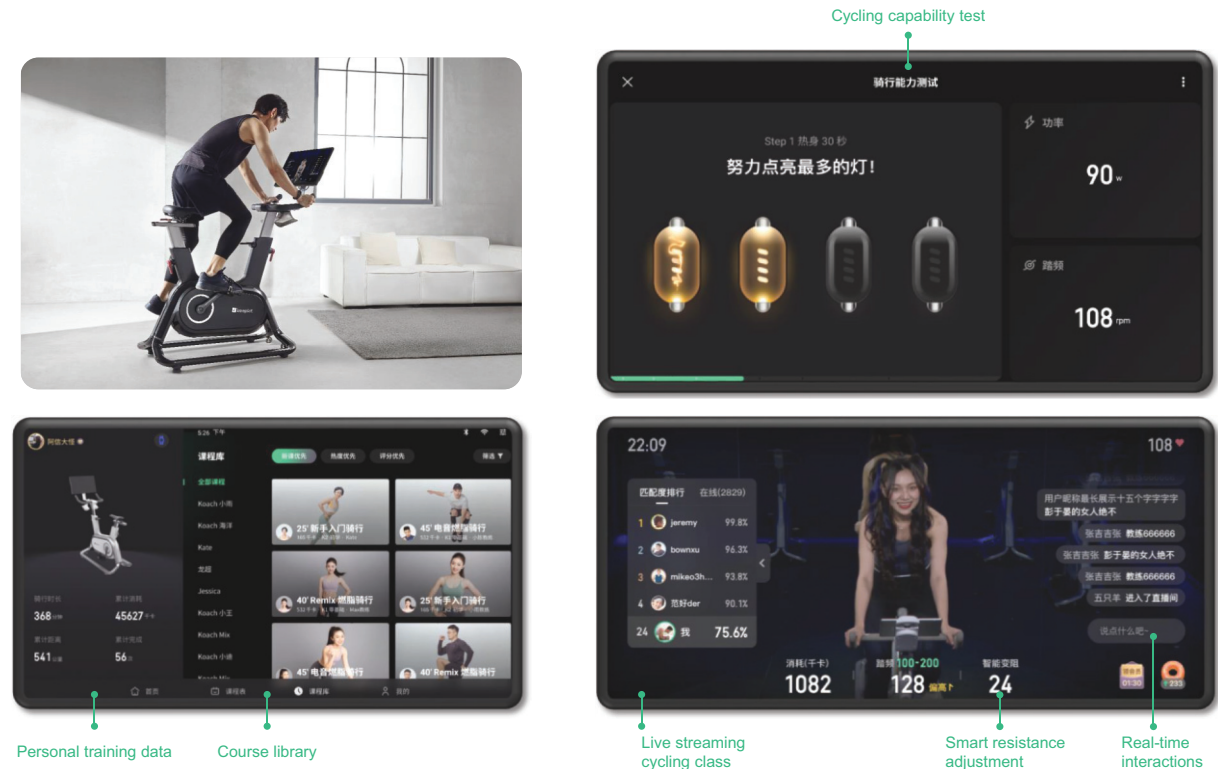
#### *Keep Bike*

We launched the first generation of *Keep Bike* in 2019. Our *Keep Bike* currently features a symmetric design, a white aluminum alloy frame for durability and stability, a nearly silent hidden spin with reliable resistance system, and an adjustable screen holder for smartphones, tablets and laptops or a high-resolution display, all in a compact, 3.4’ by 1.7’ footprint. Our *Keep Bike* won the 2019 iF Design Award. In China, the retail price of our *Keep Bike* ranges from RMB1,399 to RMB5,099 depending on the configuration, and includes fast delivery and professional set up. As of December 31, 2022, we cumulatively shipped approximately 194,000 *Keep Bikes* through our online store and third-party e-commerce websites.

We offer live streaming cycling classes every day and on-demand cycling courses to our subscribing members to unlock the full potential of *Keep Bike*. During the classes, our *Keep Bike* can automatically adjust resistance levels based on instructor’s targets and users’ cycling capabilities, therefore users can achieve a more focused and immersive cycling experience. We present a league table in live streaming classes showing rankings of the participating users to motivate them in an interactive and positive way. Our instructors can see users’ ranking, current pedaling frequency, resistance level and past cycling experience, as well as bullet chatting, all providing resources for our instructors to actively interact with participants during classes. Our instructors can also actively adjust resistance levels for participating users and check their corresponding performance.

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The pictures below illustrate our *Keep Bike* and our live streaming cycling classes.



Compared to traditional fitness bikes, *Keep Bike* is the first fitness bike in China that offers intelligent resistance adjustment. New users may start with a cycling capability test to gage their cycling proficiency, based on which their bikes set the initial baseline resistance levels. During the live streaming classes, based on class programs, instructor’s target, users’ personal baseline resistance level, and pedaling frequency, our *Keep Bike* can intelligently adjust the resistance level in real time to offer personalized difficulty level and maximize the training efficiency for users. Our proprietary electromagnetic control system supports fast and responsive resistance adjustment in 0.3 second. Based on users’ fitness progression, we also recommend users to retake the cycling capability test to update their baseline resistance levels for future cycling.

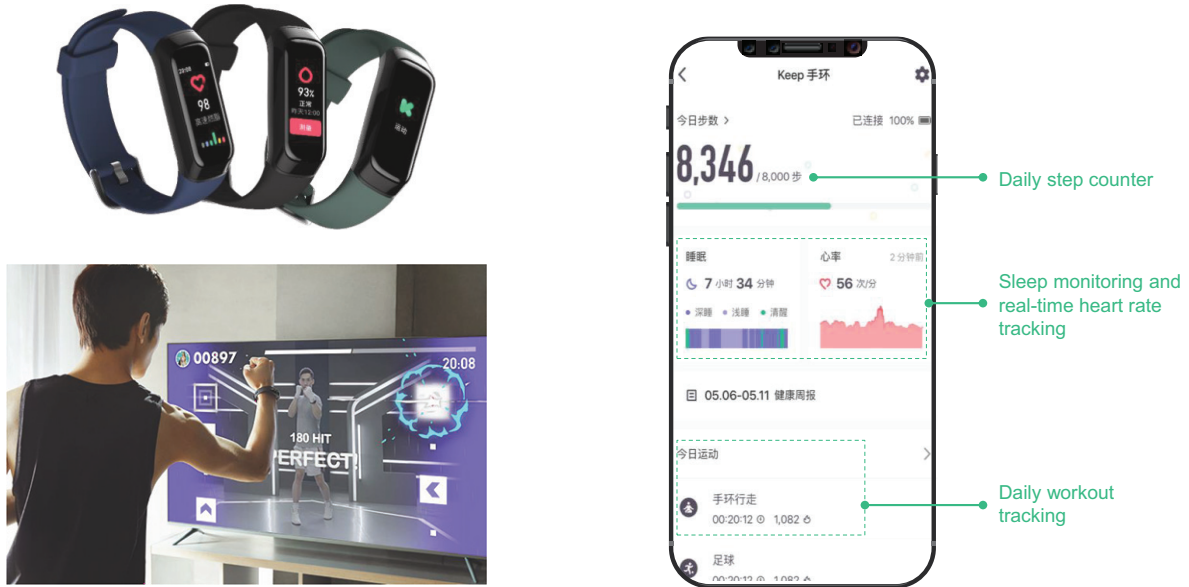
### ***Keep Wristband***

We launched our smart wristband under the *Keep* brand in 2019. Our smart *Keep Wristband*, embedded with our proprietary six-axis accelerometer and gyroscope, can track users’ daily workouts, including running, yoga, cycling, walking, elliptical machine, rower, swimming, among others. It also supports real-time heart rate monitoring and tracking, blood oxygen testing, sleep monitoring, and various reminders and alerts. The fitness activities are synced to and analyzed on our platform so that users can review their fitness performance through various metrics and visual presentations. *Keep Wristband* empowers a new kind of fitness experience for an expanded spectrum of fitness categories by adjusting course content, break periods, and difficulty in real time according to users’ heart rates. For example, we offer fat loss courses that guide users to maintain their heart rates within a target range that is most effective for fat loss throughout the workouts using our *Keep Wristbands*.

The retail price of our *Keep Wristband* ranges from RMB169 to RMB289 depending on the configuration as of the Latest Practicable Date. As of December 31, 2022, we shipped approximately

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1.9 million *Keep Wristbands* through our online store and third-party e-commerce websites in total. The pictures below illustrate our *Keep Wristband* with heart rate monitoring and workout tracking features.

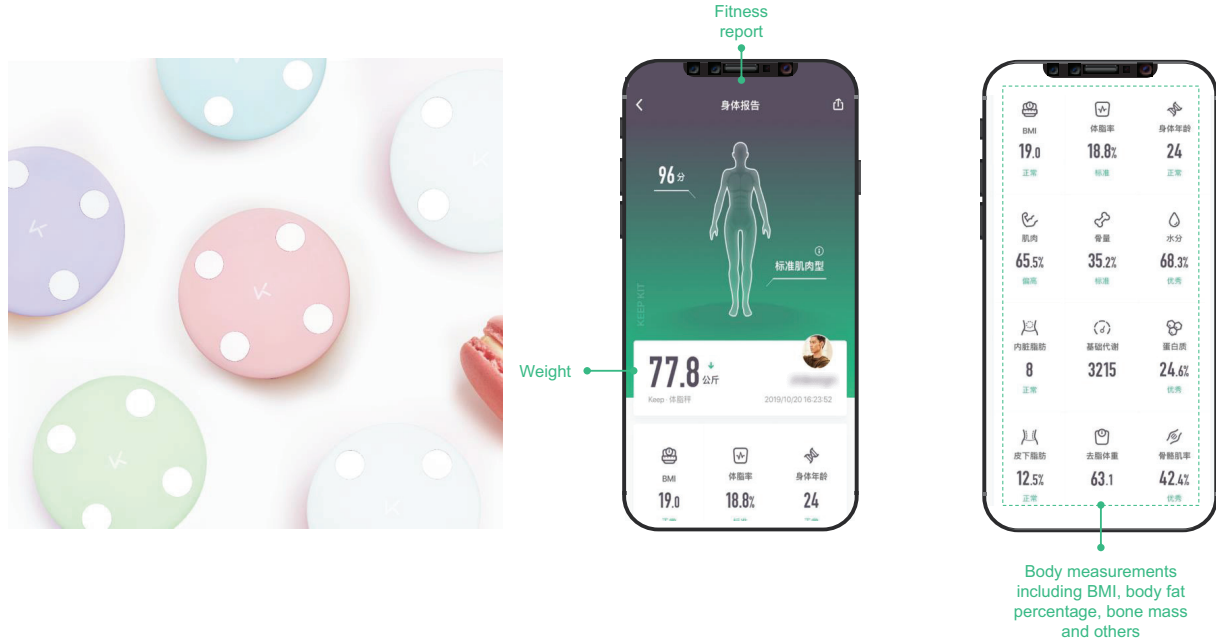


### ***Keep Smart Scale***

We launched our smart scale under the *Keep* brand in 2018. Our smart scale features a round ultra-thin design with pastel colors, supports 15 body measurements, including weight, body fat percentage, bone mass, and lean body mass, among others, of up to ten users, and connects to our platform wirelessly. Based on updated body measurements received from the *Keep* smart scale, our AI-assisted personalized curriculums can tweak workout plans and update food recommendation accordingly for users, thereby helping users achieve their fitness goals more efficiently. See “—Our Content Offerings—Personalized curriculum planning”.

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The retail price of our *Keep* smart scale ranges from RMB59 to RMB199 depending on the configuration as of the Latest Practicable Date. As of December 31, 2022, we shipped approximately 1.3 million *Keep* smart scales through our online store and third-party e-commerce websites in total. The pictures below illustrate our *Keep* smart scale with body measurement tracking features.



### *Keep* Treadmill

We launched our treadmill under the *Keep* brand in 2018. Our K3 customizable treadmill features a foldable compact design, a shock-absorbing high performance responsive belt using multi-fold noise control, and a nearly silent brushless motor providing great power and durability. Unlike a traditional treadmill, *Keep* treadmill is supported by and works closely with an extensive and constantly updated running content library on *Keep* platform. When paired with the running courses on our platform, our treadmill can automatically adjust and customize speed for users based on their running status and course targets. We also offer voice guidance for more effective and enjoyable running and provide visualized performance analytics after the workouts as positive feedback to motivate users.

In China, the retail price of our treadmill ranges from RMB2,099 to RMB3,099 depending on the configuration, and includes fast delivery and professional set up. As of December 31, 2022, we shipped approximately 222 thousand treadmills through our online store and third-party e-commerce websites in total. The pictures below illustrate our treadmill and related running content on our platform.

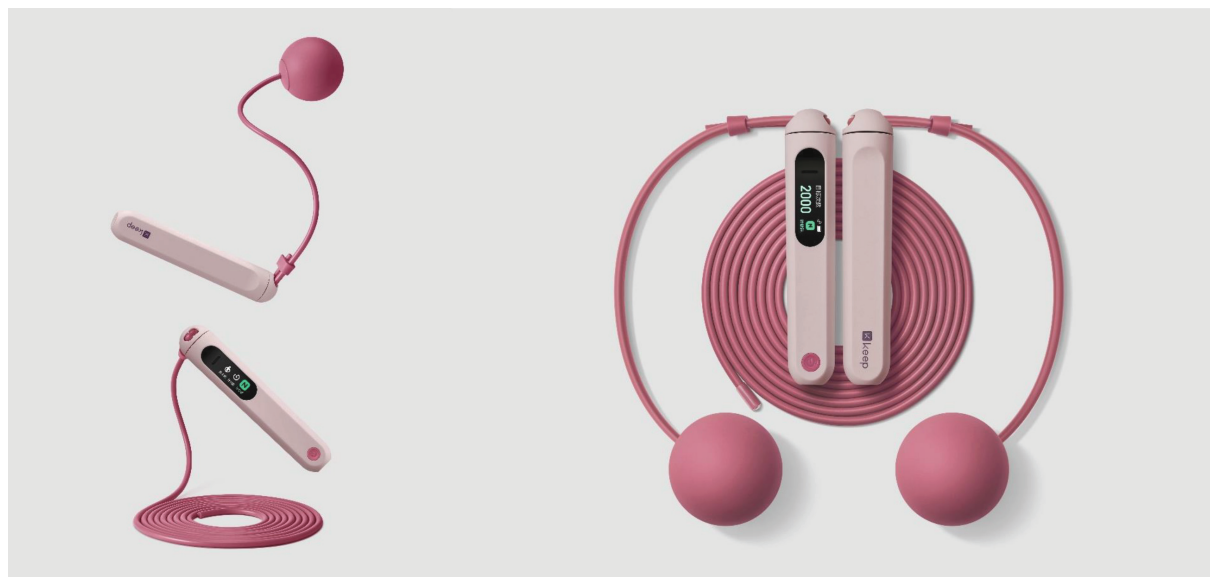


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### Keep Smart Skipping Rope

In August 2021, we launched smart skipping rope as an upgrade to traditional skipping ropes. Our smart skipping rope features a sleek ropeless design to provide fast rotation and tangle free workout experience, extra comfortable handles that offer a strong grip and high-quality ball bearing for better aerobic exercise effect. The smart skipping rope is linked to the *Keep* app to record the number of jumps, calories burned. Users can track progress to build workout routines and improve fitness performance. We also recommend users jump rope music workout sessions where users complete a certain number of jumps with our fitness instructors following motivating music. In addition, users are encouraged to wear *Keep wristband* to sync personal fitness data, such as heart rate, during jump rope workouts. The combination of our smart fitness devices help users develop a comprehensive fitness routine, track their workout progress and achieve their fitness goals.

In China, the retail price of our smart skipping rope ranges from RMB110 to RMB219 depending on the configuration. As of December 31, 2022, we shipped over 600 thousand smart skipping ropes through our online store and third-party e-commerce websites in total. The pictures below illustrate our smart skipping rope.



### COMPLEMENTARY FITNESS PRODUCTS

We offer a wide range of fitness-related products under our *Keep* brand to complete the fitness offerings on our platform. Our fitness gear is designed for at-home workouts and enable users to enjoy our fitness content to its full potential. Our fitness apparel demonstrates an optimized design for functionality and style and can provide comfort throughout fitness activities and build confidence for our users. We believe in the power of workouts and healthy diet to achieve fitness goals. Our fitness food complements users’ fitness journeys by providing users with well-balanced and nutritional food choices. Users can find our fitness products in the online store on our platform conveniently or through third-party e-commerce websites.

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### Fitness Gear and Apparel

We provide high-quality fitness gear under our *Keep* brand on our one-stop platform to users so that they can easily and directly choose their desired products efficiently to fully utilize the relevant fitness content on our platform. To complement our user experience and establish brand awareness, we also offer fitness clothing for various fitness categories such as running, yoga and workouts.

We offer a wide range of fitness gear to support the courses and curriculums we offer on our platform, including at-home workout gear such as dumbbells, kettle bells, jumping ropes, and percussion massage devices, and yoga gear such as yoga mats, yoga balls, stretching bands and foam blocks, as well as protective gear such as knee sleeves, gloves and wrist wraps. The retail price of our fitness gear ranges from RMB9.9 to RMB584 as of the Latest Practicable Date. Users can fully take advantage of our fitness content with fitness gear, which is optimized for users to explore as much content as possible on our platform. For example, we offer yoga mats that are longer and wider than traditional yoga mats, and are thicker and more cushioned for better joint support. This design enables users to use the mats to accomplish not only yoga but also various other workouts on our platform.

We offer a comprehensive line of fitness apparel and accessories for women and men. Our fitness apparel includes shirts and tops, leggings and tights, pants and shorts, hoodies and jackets, and sports underwear, all designed to support various fitness activities such as yoga, running, and strength training, and at the same time comfortable for daily casual wear. The retail price of our fitness apparel ranges from RMB29 to RMB699 as of the Latest Practicable Date. We are committed to providing apparel and accessories with a curated selection of fabrics that provide support, protection, and comfort. For example, we utilize soft and breathable fabrics in fitness clothing for low impact workouts like yoga, and use durable material with shape retention properties in legging and tights to provide flexible stretch and compression for running and other more intense activities.

The pictures below illustrate some examples of our fitness gear and apparel:



### Fitness Food

Nutrition and diet are critical for users to achieve their fitness goals efficiently. We offer food planning and recommendation tools under our *Keep* brand on our platform so that users can learn how to eat healthily, and we have launched fitness food products to enable an integrated fitness solution for users.

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We have created a range of meal replacement products featuring a balanced combination of macronutrients and micronutrients, including carbs, protein, vitamins and minerals. Meal replacement products are available by standard packaged meals and in three-day or weekly meal plans. We also offer fitness supplements such as protein powders and protein bars. In addition, we offer various fitness snacks such as chicken breasts, chickpeas, and whole wheat sticks that are satisfying to users’ appetites without disrupting their diet. The retail price of our fitness food ranges from RMB9 to RMB465 as of the Latest Practicable Date.

The picture below illustrates some examples of our fitness food:



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The table below sets forth the revenue, gross profit and gross profit margin of our top 10 major fitness products.

	In 2019			In 2020			In 2021			In 2022					
	Revenue	Gross profit	Gross profit margin (%)	Revenue	Gross profit	Gross profit margin (%)	Revenue	Gross profit	Gross profit margin (%)	Revenue	Gross profit	Gross profit margin (%)			
(RMB in thousands, except for percentage)															
1 <i>Keep</i> Treadmill Classic Edition	79,296	20,466	25.8	<i>Keep</i> Treadmill Classic Edition	82,025	25,070	30.6	<i>Keep</i> Bike Pro & Basic Edition	84,216	28,517	33.9	<i>Keep</i> Wristband B3 <sup>(1)</sup>	90,992	(14,614)	(16.1)
2 <i>Keep</i> Smart Wristband B1	31,781	6,423	20.2	<i>Keep</i> Bike Pro	53,425	16,342	30.6	<i>Keep</i> Wristband B2 <sup>(1)</sup>	60,944	(8,518)	(14.0)	<i>Keep</i> Bike Mini	85,877	3,093	3.6
3 Resistance Band	24,656	23,236	94.2	Extra Wide and Thick Fitness Mat	52,452	26,454	50.4	<i>Keep</i> Treadmill Fashion & Adventure Edition	50,630	14,040	27.7	<i>Keep</i> Bike Pro	56,957	4,896	8.6
4 <i>Keep</i> Smart Scale S1	16,735	3,648	21.8	<i>Keep</i> Wristband B1	38,958	9,359	24.0	Extra Wide and Thick Fitness Mat	45,649	16,511	36.2	Extra Wide and Thick Fitness Mat	49,688	20,523	41.3
5 Extra Wide and Thick Fitness Mat	16,683	4,760	28.5	<i>Keep</i> Smart Scale SE (Bluetooth Edition)	18,451	5,028	27.3	<i>Keep</i> Fascial Gun G1	39,772	7,013	17.6	<i>Keep</i> Jumping Rope SR1 (with Counter)	43,768	16,205	37.0
6 <i>Keep</i> Fascial Gun Customized Edition	9,712	3,990	41.1	Muscle Relaxation Foam Roller Classic & Portable Edition	15,699	9,741	62.0	<i>Keep</i> Treadmill Classic Edition	36,120	5,245	14.5	<i>Keep</i> Treadmill Comfort Edition	33,376	2,280	6.8
7 <i>Keep</i> Walking Machine W1	8,844	1,438	16.3	<i>Keep</i> Treadmill Fashion & Adventure Edition	15,028	4,821	32.1	<i>Keep</i> Jumping Rope R1 (with Counter)	33,179	6,372	19.2	High Protein Dark Chocolate Crunchy Balls	26,290	10,110	38.5
8 Muscle Relaxation Foam Roller Classic & Portable Edition	7,198	3,626	50.4	<i>Keep</i> Fascial Gun G1	12,891	3,488	27.1	<i>Keep</i> Smart Scale SE (Bluetooth Edition)	22,446	5,415	24.1	<i>Keep</i> Wristband B2 <sup>(1)</sup>	25,358	(4,764)	(18.8)
9 Pre-cooked Chicken Breast	6,859	2,849	41.5	<i>Keep</i> Walking Machine W1	12,401	3,685	29.7	Pre-cooked Chicken Breast	14,952	5,346	35.8	<i>Keep</i> Smart Scale SE (Bluetooth Edition)	24,222	3,273	13.5
10 Extra Thick Fitness Mat	6,809	2,099	30.8	Fitness Map with Alignment Lines	10,474	5,661	54.0	<i>Keep</i> Wristband B3	14,520	2,049	14.1	<i>Keep</i> Bike Benchmark Version 22	19,775	5,062	25.6

Note:

(1) We generally provide discounts to previous editions of the *Keep* Wristband after the launch a new edition of the wristband, resulting in gross loss of certain editions of the wristband during relevant period.

## OUR FITNESS-CENTRIC MONETIZATION MODEL

We generate revenue primarily through (i) sales of smart fitness devices, (ii) sales of complementary fitness products, (iii) membership and online paid content, and (iv) advertisements on our platform. We generated a majority of our revenue from the sales of self-branded fitness products and invested significantly in the research and development of platform design and fitness content.

### Smart Fitness Devices

Our fitness content is enhanced by our smart fitness devices, including *Keep Bike*, *Keep Wristband*, treadmill and smart scale. Users who purchase our smart fitness devices can link our devices to the fitness content on our platform to enable an enhanced experience. Our online fitness content encourages users to explore our smart fitness devices for a more immersive and effective fitness experience, while people who purchase our smart fitness devices are directed to *Keep* platform



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to browse our broad range of fitness content. Our fitness content and smart fitness devices reinforce each other, contributing to a comprehensive, personalized and intelligent fitness solution to our users.

### **Complementary Fitness Products**

To complement our comprehensive fitness solution, we also offer fitness gear, apparel and fitness food under our *Keep* brand. We operate an online store directly in our *Keep* mobile app, where users can easily explore our products at their fingertips and enjoy a shopping experience elevated by detailed product descriptions, peer reviews and multi-angle illustrations to ensure informed purchasing decisions. In addition, when users join the fitness courses on our platform that require particular fitness gear such as stretching bands or dumbbells, they can conveniently explore the related products through the *Gear* button under the course description. We also direct users from product description pages of smart fitness devices or fitness gear to those fitness courses related to the use of such products. The product offerings in our *Keep* online store seamlessly connect with our comprehensive fitness courses and curriculums, forming an integrated one-stop fitness destination for users. Users can also purchase our products across major e-commerce platforms in China, including JD.com and Tmall. Through engaging users across multiple sales channels, we direct more users to our platform and greatly expand our user base.

In 2022, the average monthly revenue generated from self-branded fitness products per fitness product customer was RMB172.4. We plan to further enrich product offering by introducing products of different price levels and features to cater to a broader purchase base with different fitness demand and purchasing power.

### **Membership and Online Paid Content**

We provide our users with a wide variety of online fitness content and we monetize through membership subscriptions that unlock many privileged features on our platform, paid fitness courses, and paid curriculums addressing varied fitness goals. Online fitness content on our platform can be categorized, in terms of monetization, as (i) free content available to all users, (ii) subscribing member exclusive content that can be accessed through membership subscription, and (iii) online paid content that can be purchased on a la crate basis. The majority of the pre-recorded courses on our platform and curriculums, whether produced in-house or by other parties, are free content available to all of our users, including our subscribing members, who also have exclusive access to live streaming classes and AI-assisted personalized curriculums. Our membership can be subscribed on a monthly, quarterly, or yearly basis, and users may elect to renew the subscription automatically. As of the Latest Practicable Date, our listed monthly, quarterly and yearly subscription fees were RMB25-RMB40, RMB68-RMB98 and RMB248-RMB328, respectively. We also expand the content offerings to users by providing paid courses and curriculums that focus on various fitness goals, and users can access these courses and curriculums repeatedly after purchasing them on an a la carte basis. The fees for these a la carte paid courses and curriculums on our platform typically range from RMB28 to RMB512. Subscribing members can enjoy discounts on paid courses and curriculums. In 2022, the average monthly revenue generated from membership per subscribing member was RMB13.0.

### **Advertisements on our Platform**

We display advertisements on our platform for a selected collection of brands and merchants. We have an experienced advertising sales team consisting of professionals with extensive experience

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in the internet advertising industry in China and with deep insights on our brand values. We offer a variety of advertising services via the *Keep* app without compromising user experience, primarily including (i) display advertisement that pops up after the app is loaded, and banners on the homepage, (ii) native advertising placement in the community feed, and (iii) collaboration with advertisers during fitness content development.

In 2019, 2020, 2021 and 2022, we worked with 38, 36, 78 and 75 advertising customers, respectively. Our advertisers consist of a variety of brands attracted by our platform and user base, including automobiles, luxury brands, fast moving consumer goods, and advertisers in other fitness related industries. For specific types of advertisements such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals, and veterinary pharmaceutical, we implement internal procedure to check or verify that the advertisers have fulfilled requisite government requirements, including the advertiser’s operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approvals of the content of the advertisement and filings with the local authorities. See “Risk Factors—Risks Related to Our Business and Industry—Advertisements in our app may subject us to penalties and other administrative actions”.

Since the inception, we have been a firm believer that everyone, including those new to fitness, should be able to enjoy fitness anytime and anywhere. In other words, we started off focusing on the fitness needs of mass population (i.e., “bottom-up” approach) as opposed to a specific segment of fitness niche market. Fitness product sales is a natural extension of our online fitness business model to address the needs of users when viewed in holism — this sets us apart from players that take a “top-down” approach in their go-to-market strategy and philosophy. Therefore, users and their diversified fitness needs are the real propulsion power behind our business model. With our evolving technology, we break traditional constraints and bring users to the forefront of fitness by providing a comprehensive, accessible and affordable fitness solution. Our business and monetization model has been focusing on and gradually built upon our users’ demand, which stems from online fitness content that can be accessed by the mass. As a result, we consider MAU a key indicator to assess our business performance as it demonstrates the efficacy of our fitness solution, including the quality of our content, the satisfactory level of user experience, and the effectiveness of marketing campaigns. A healthy MAU trend signals that we are executing our business strategies effectively and are sufficiently attracting and retaining users. Along with the growth of the MAUs, our platform has experienced a steady increase in our membership penetration rate, being the average number of monthly subscribing members as a percentage of the average MAUs, from 3.5% in 2019 to 6.4% in 2020, 9.5% in 2021, and further to 10.0% in 2022.

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China’s fitness market presents substantial growth potential as both the size of the fitness population and the annual spending of the fitness population are expected to continue to increase. In particular, the online fitness market in China is expected to grow from RMB455.6 billion in 2022 to RMB1,285.4 billion in 2027, with a CAGR of 23.1%, driven by the growing prevalence of home fitness and a large and growing digital-native population. We are founded in 2014 to provide a comprehensive, accessible and affordable online fitness solution. Prior to the adoption of our monetization strategies in 2018, we devoted resources to build a massive and ever-growing content library, expand our user base and improve our technology capabilities to optimize user experience. Our average MAUs increased at a CAGR of approximately 26% from 2016 to 2018. In 2018, we embarked

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on our journey towards monetization. Through user behavior analysis and surveys, we discovered that users had a common desire for affordable and high-quality fitness products that could enhance their workout experience. However, the online fitness product market in China was underdeveloped, with a lack of trusted brands and products with satisfactory designs. Therefore, in March 2018, we expanded our offerings by introducing self-branded smart fitness devices and complementary fitness products. In September 2018, we launched our membership subscription program to provide more high quality content and complementary offerings. Leveraging our large user base, we also expanded our advertising businesses and collaborated with more advertising customers. As an innovative and growing company with relatively short monetization history, we have been focusing on exploring a suitable and sustainable business model instead of seeking immediate financial returns or profitability so as to lay a solid foundation for our long-term development.

Since our inception, we have been devoting resources to build a massive and ever-growing content library and improve our technology innovation to optimize user experience as their needs evolve. Benefiting from such efforts, our *Keep* brand has become highly influential in China and we have accumulated the largest online fitness user base in China as of December 31, 2022. In 2019, 2020, 2021 and 2022, our platform recorded average MAUs, which include both paying and non-paying users, of 21.8 million, 29.7 million, 34.4 million and 36.4 million, respectively. In 2022, our MAUs collectively recorded approximately 2.1 billion workout sessions on our platform.

We constantly develop and launch new products and services to cover people’s entire fitness lifecycle, including membership services, smart fitness devices and complementary fitness products. By thoughtfully weaving our offerings together, we have developed an integrated business model with synergies across different segments. During the Track Record Period, we experienced substantial growth in our business operation and financial condition. Our revenue grew by 66.9% from RMB663.1 million in 2019 to RMB1.1 billion in 2020, increased by 46.3% to RMB1.6 billion in 2021, and further increased by 36.6% to RMB2.2 billion in 2022, mainly attributable to the increased revenue from self-branded fitness products and membership and online paid content. Our revenue from self-branded fitness products increased during the Track Record Period due to an increase in our fitness product customers and increased revenue generated from non-DTC channels. Our revenue from membership and online paid content increased during the Track Record Period as a result of an increase in our average monthly subscribing members and growing membership penetration rate. Our revenue per MAU, defined as the total revenue of a given period divided by the average MAUs of that period, was RMB30.5, RMB37.2, RMB47.1 and RMB60.8 in 2019, 2020, 2021 and 2022, respectively. Our gross profit grew by 83.2% from RMB272.6 million in 2019 to RMB499.4 million in 2020, increased by 35.5% to RMB676.6 million in 2021, and further increased by 33.1% to RMB900.4 million in 2022. We recorded gross margins of 41.1%, 45.1%, 41.8% and 40.7% in 2019, 2020, 2021 and 2022, respectively. We experienced a decrease in our overall gross margin in 2021 compared to 2020 primarily attributable to (i) the decreased gross margin of self-branded fitness products segment as we offered more discounts to incentivize user purchase and (ii) decreased gross margin of membership and online paid content segment as we incurred increased content related cost to further expand our content offerings. We experienced a decrease in our overall gross margin in 2022 compared to 2021, primarily attributable to (i) the decreased gross margin of our membership and online paid content segment which reflected the growing revenue contribution of virtual sports events and its comparably lower gross margin due to the higher cost of medals, and (ii) the decreased gross margin of our advertising and others segment as a result of the negative impact the COVID-19 pandemic had on our Keepland business. Although virtual sports events recorded a lower profit margin as compared to our other membership and online paid services, we expect to further operate the virtual sports events as they

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improve user engagement and contribute to the growth of our revenue and gross profit. We incurred net losses in 2019, 2020, 2021 and 2022 as we strategically focused on growing our user base via investing in our brand as well as innovative, high quality fitness content and product offerings to pave the way for long term profitability. We recorded adjusted net loss (non-IFRS measure) of RMB366.5 million and RMB106.4 million in 2019 and 2020, respectively. As our confidence in long-term profitability strengthened, we strategically increased our spending in traffic acquisition and branding to further acquire, activate and retain users in 2021. As a result, our adjusted net loss (non-IFRS measure) increased from RMB106.4 million in 2020 to RMB826.5 million in 2021. In 2022, we reduced our investment in marketing activities and made more efficient spending on user acquisition. Our adjusted net loss (non-IFRS measure) narrowed from RMB826.5 million in 2021 to RMB666.9 million in 2022. We expect to continue incurring net loss and net operating cash outflow in the near future as we continue to invest in user growth and the skills to capture the substantial opportunities in various specialized aspects of the industry and strengthen competitive moats.

To grow our revenue and achieve profitability, we plan to further (i) grow our user base and deepen our user engagement; (ii) enhance our monetization capabilities leveraging multiple growth levers; and (iii) improve our gross margin and operating leverage.

### **Grow User Base and Deepen User Engagement**

Driven by our focus on mass population and compelling content offerings, we have built user base on our platform. We plan to further expand our addressable market by appealing to users across different ages, areas of interest, and locations and grow our user base. In 2022, on average approximately 76.6% of our total MAUs who provided their age information are below the age of 30. In addition, approximately 54.2% of our total MAUs on average who provided their location information come from first-, new first- and second-tier cities in China in 2022. Approximately 40%, 45%, 48% and 46% of our total MAUs on average who provided their location information come from third-tier and below cities in 2019, 2020, 2021 and 2022, respectively. As these users have different purchasing power and willingness to pay, we plan to strategically launch more offerings at different price points. In addition, we have been continuously diversifying our content offerings to include content captivating to the mass population. For example, we started to offer extensive content in martial arts and dancing in 2021 and ball game content in 2022. We will also introduce a wider variety of content and product offerings at different price levels to cater to the diversified needs of the mass population. For example, for each type of the smart fitness devices, we have rolled out multiple models at different price points. In the meantime, we will continue to refine our content and user interface to make it easier for users to follow fitness instructions. Leveraging our deep insights on users’ preferences and market trends, we will also dynamically shape our content development strategy and produce more diversified content that can attract targeted user groups. For example, we were one of the first in China to launch virtual coach, the computer-generated coach that can lead dancing and other fitness courses using AI technology. We also plan to further improve user engagement and experience by making our fitness solution more personalized and interactive, such as introducing new gamified features to our online fitness content through integration with smart fitness devices and enriching the library of live-streaming classes and AI-assisted curriculums.

As we continuously enhance user engagement and stickiness, we believe users’ general willingness to subscribe to memberships and purchase our self-branded products will grow over time, resulting in improved monetization potential. Our average monthly membership retention rate 70.8%, 73.3%, 71.7% and 65.3% in 2019, 2020, 2021 and 2022, respectively. We experienced a higher average monthly membership retention rate in 2020 as the outbreak of COVID-19 increased users’ willingness to workout at home. The slight decrease in the average monthly membership retention rate

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in 2021 and 2022 was also due to the expansion of our user base, especially subscribing members for our virtual sport events. In 2019, 2020, 2021 and 2022, our monthly average workout sessions per MAU was 4.3, 5.0, 4.1 and 4.8, respectively, and our monthly average workout sessions per subscribing member was 13.5, 10.9, 7.2 and 7.8, respectively.

### Enhance Monetization Capabilities Leveraging Multiple Growth Levers

We have developed a diversified monetization model and currently generate revenue primarily from (i) membership and online paid content, (ii) self-branded fitness products, and (iii) advertising and others, which reinforce one another. Leveraging our vertical integration capabilities and deep insights accumulated from our large user base, we believe we will be able to further enhance our current monetization avenues and create new monetization channels.

- **Membership and Online Paid Content.** Our platform recorded subscribing members of 0.8 million, 1.9 million, 3.3 million and 3.6 million in 2019, 2020, 2021 and 2022, respectively. Our MAUs to members conversion ratio, or the membership penetration rate, increased from 3.5% in 2019 to 6.4% in 2020, 9.5% in 2021, and further increased to 10.0% in 2022. Our revenue from membership and online paid content increased from RMB151.3 million in 2019 to RMB338.0 million in 2020, RMB557.6 million in 2021, and further increased to RMB894.2 million in 2022.

We recorded membership and online content income per subscribing member of RMB196.5, RMB177.0, RMB170.0 and RMB246.9 in 2019, 2020, 2021 and 2022, respectively. We experienced a decrease in membership and online content income per subscribing member in 2021 as we enhanced our promotional efforts and expanded our subscribing member base. Our membership and online content income per subscribing member increased in 2022 as a result of our new initiatives. For example, we collaborated with more renowned IPs and launched an increasing number of themed virtual sports events. Our online paid content revenue per MAU increased from RMB0.67 in 2019 to RMB1.10 in 2020, RMB2.03 in 2021, and further increased to RMB9.1 in 2022.

Unlike fitness training videos from key opinion leaders on online video platforms that are typically generated at will as a type of “content creation” by these individual users who may not possess professional knowledge and structured training or do not organize their fitness content creation in a systematic manner, our content features professional training sessions developed by fitness training experts across multiple fitness categories, is organized in a systematic way with different levels of difficulty and structured combination of fitness moves for various fitness purposes, and can be easily customized based on specific users’ progression and feedback. In addition, we offer highly interactive content, such as live streaming classes and gamified features, to stimulate users’ willingness to participate, and our content is also adjustable and customizable through AI technology to provide users with individual experience. We also continue to optimize our content based on user feedback and activities. In China’s fitness market where the majority of fitness population work out at home or outdoor rather than going to gym regularly, professional, systematic and structured fitness content on *Keep* greatly expands the diversity and possibility of home fitness in a systematic and scientific way. *Keep* platform aims to encourage users to actually participate in and complete workout sessions rather than browsing fitness videos casually, for example, through helping users analyze and visualize their complete workout session histories and rewarding them with badges and ranks. We plan to continue to enhance our value propositions to our users through

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more innovative and enriched content as shown in the following initiatives, and evolving membership rights and privileges, which we believe will help to increase membership penetration and subscribing members’ spending. Our major initiatives include the following:

- We intend to expand into more fitness categories. Our existing fitness content offerings are primarily focused on workout activities, and we will continue to monitor industry trends and expand into more niche fitness categories, such as dancing, martial art, jump rope workout and outdoor activities to further diversify our expansive offerings. For example, we have expanded our “Fat Burning Cardio Dance” fitness courses, which contain beginner-friendly fitness content, from 200 courses in 2020 to over 1,000 courses in 2021 and over 4,000 courses in 2022. “Fat Burning Cardio Dance” fitness courses have been well received by our users demonstrated by the increase in workout sessions. Workout sessions completed for “Fat Burning Cardio Dance” courses were approximately 5 million, 17 million, 70 million and 165 million in 2019, 2020, 2021 and 2022, respectively.
- We will introduce more PUGC content on our platform to increase user engagement and stickiness, by establishing partnerships with more fitness content providers and strengthening the relationships with existing partners. In addition to maintaining our strong partnership with well-known fitness influencers, we were also successful in developing in-house fitness influencers such as An An Xiaoyu (安安小雨) and Zhao Meili (趙沒力), who were among the top 10 fitness influencers on the *Keep* platform in 2021 based on the number of workout sessions completed. We closely monitor and manage our PUGC creators and offer them regular trainings, collaborate with them to produce high quality content and accelerate their growth by actively promoting their content on our platform. We target to not only attract new PUGC creators, but also provide compelling value propositions to retain them. With growing PUGC content, we expect to see continued growth in user engagement. The number of PUGC courses has increased significantly from 140 as of December 31, 2019 to 2,900 as of December 31, 2020, 7,600 as of December 31, 2021, and further increased to approximately 17,800 as of December 31, 2022. Workout sessions completed for PUGC courses were 10 million, 184 million, 441 million and 771 million in 2019, 2020, 2021 and 2022, respectively.
- We plan to introduce new features in our recorded courses, live-streaming classes and AI-assisted curriculums. We were the pioneer in China to introduce gamified features in fitness live streaming classes to bring more fun and excitement, and thus elevate user experience. We will improve the connectivity between our content offerings and smart fitness devices to deliver immersive experience and elevate fitness outcome for users. For example, *Keep Wristband* can play a more important role in these interactive courses to detect heart rate. In addition, in May 2022, we introduced an innovative feature that shows recommended heart rate in real time to maximize metabolic efficiency. We will also upgrade our online courses to enhance the interactivity between users and content. For example, we plan to introduce virtual coaches presented by real people to simulate face-to-face fitness environment during structured courses. Such virtual coaches will ask users to provide feedback during training sessions. This enables our system to better understand individualized fitness needs through constant user interactions during trainings to adjust course content and

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workout intensity and provide real-time training instructions, feedback and increase user engagement.

- We intend to introduce creative formats amid the latest macro and industry trends. For example, we initiated virtual sports events as an innovative and engaging format to encourage users to achieve different milestones for customized awards. Since then, we have cooperated with a number of renowned IPs and launched a series of themed events along with creative marketing campaigns on social media and short video platform that continue to drive the growth of our revenue from virtual sports events. For example, we cooperated with a renowned international cartoon IP and launched a series of online themed running events in 2022. The number of paying users who participated in the events in 2022 exceeded 1.5 million and the GMV generated from event registration fees exceeded RMB90 million. In 2022, we witnessed a continued growth in revenue from virtual sports events, which recorded year-over-year growth of more than 500%. We will cooperate with more IPs and introduce more similar activities that help to grow user base and improve monetization in the future.
- ***Self-branded Fitness Products.*** Driven by a successful track record of developing and launching popular fitness products and a growing number of fitness product customers, the sales of our self-branded fitness products grew significantly over the Track Record Period from RMB396.0 million in 2019 to RMB636.7 million in 2020, RMB872.5 million in 2021, and further increased to RMB1.1 billion in 2022. Our valuable insights through years of operation enable us to continuously identify users’ unmet needs for more intelligent fitness experience and more compact product design, and thus enhance and expand our self-branded product offerings. Our smart fitness device and complementary fitness product business lines are more than conventional online sales of fitness products. We develop and manage our fitness devices and products based on (i) insights on users’ fitness activities and performances through their engagement with fitness content, (ii) personalized presentation and recommendation based on users’ specific needs, and (iii) users’ feedbacks in the *Keeper* community. In addition, demand for fitness products require certain level of fitness experience, and we provide such guidance to our users through the professional fitness content. For example, users may discover that they need to buy a dumbbell if they want to gain the access to relevant content that requires a dumbbell on *Keep* platform. A link to purchase our self-branded dumbbell is present in course description and users may also purchase the requisite gear when they join the workout session. The subscribing members and users are not required to purchase our fitness products to participate in our fitness content.
- We plan to continuously improve our self-branded fitness products based on user feedback and industry developments. Since we introduced our first model of *Keep Bike* in October 2019, we have developed three new models with additional functionalities and features. Similarly, we introduced three models of *Keep Wristband*, three models of treadmill and three models of smart scale during the Track Record Period. In the first quarter of 2022, we successfully introduced new models of treadmill and *Keep Bike*. We are also in the process of researching and developing other types of smart fitness devices. In August 2021, we launched smart skipping ropes as an upgrade to traditional skipping ropes with sleek, ropeless design, and can be seamlessly connected with the *Keep* app, which offers diversified skipping rope courses and makes personalized workout recommendation powered by real-time performance tracking. As of December 31, 2022, we cumulatively shipped over 600

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thousand smart skipping ropes. We will continue to upgrade our products, and introduce more models to cater to different user preferences and use case scenarios. In particular, for each type of products, we will offer models at different price points to attract users with different purchasing power. We launched and plan to launch a total of five to six new smart fitness device models in 2023.

- We intend to research and develop new fitness products and enrich our product portfolio leveraging our deep industry insights and understanding of fitness demand. In 2021, we launched approximately 300 SPUs, including strength training balance boards and protein bars, which are widely welcomed by our users. In 2022, we launched 313 SPUs. We will launch new categories of smart fitness devices and complementary fitness products to further enrich our offering portfolio, thus appeal to new users and capture more wallet share of our existing users.
- We will further diversify our distribution channels to maximize touch points to reach our target end users, and boost revenue generated from non-DTC channels. We have expanded into DTC channels such as Douyin since the second half of 2021. For example, we successfully launched product promotion for our self-branded Black Chocolate Crispy Ball in our fitness food category on Douyin to expand our end user reach. In each of the fourth quarter of 2021 and 2022, the GMV for Black Chocolate Crispy Ball generated from Douyin accounted for more than 10% of the GMV of total fitness food from all of our DTC channels. For non-DTC channels, wholesale revenue generated through JD self-owned stores and third-party distribution channels grew by 197.3% and 12.0% year-over-year, and contributed to 25.7% and 22.1% of total self-branded fitness products revenue in 2021 and 2022, up from that of 11.8% in 2020. We will continue to assess and expand sales and distribution channels based on our business objectives, product offerings and channel efficiency.
- **Advertising and Others.** We offer online advertising services to brands and merchants. In addition, we launched *Keepland* fitness centers and offline classes to enable users to experience our online content at offline locations. We believe such offline fitness experience can deepen user engagement and enhance users’ loyalty to our brand. During the Track Record Period, we generated revenue of RMB115.8 million, RMB132.0 million, RMB189.5 million, and RMB180.4 million from advertising and other services in 2019, 2020, 2021 and 2022, respectively. We recorded revenue from advertising income per advertiser of RMB2.3 million, RMB3.1 million, RMB2.0 million and RMB2.1 million in 2019, 2020, 2021 and the 2022, respectively. The decrease in advertising income per advertiser in 2021 was the result of us further expanding and diversifying our advertising customer base, especially the influx of advertisers that purchased short-term advertising services. Customers that purchase short-term advertising services, such as one-off promotion of their brands, generally contribute less revenue per customer compared to advertising customers that purchase long-term advertising services, leading to a decrease in advertising income per advertiser. We recorded average monthly advertising income per MAU of RMB0.18, RMB0.32, RMB0.36 and RMB0.41 for each of the quarter in 2019, respectively, RMB0.15, RMB0.32, RMB0.35 and RMB0.42 for each of the quarter in 2020, respectively, RMB0.25, RMB0.40, RMB0.40 and RMB0.49 for each of the quarter in 2021, respectively, and RMB0.34, RMB0.33, RMB0.36 and RMB0.41 for each of the



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quarter in 2022, respectively. Our development plans for the segment include the following:

- With online content, self-branded products and offline fitness centers, the opportunity for multi-channel marketing that resonates with our large user base will naturally attract brands and merchants to our platform, thus enhancing the growth potential of our advertising services.
- We have introduced new format of offline fitness classes through the offering of *Keep* selected fitness classes. In addition to operating self-owned *Keepland* fitness centers, since 2021, we launched *Keep* selected fitness classes in collaboration with third-party offline gyms. For collaboration with third-party offline gyms, we only provide our fitness content and services from our coaches to hold *Keep* fitness classes in these gyms from time to time, and we are not involved in the operation of these gyms. We plan to further expand such *asset-light format* in the future. We target to collaborate with more offline gyms in Beijing and other first-tier cities leveraging our online traffic and offer fitness classes covering more fitness categories, such as ballet and boxing. We believe this asset-light format of engaging with our users enables us to expand our presence quickly and efficiently, deliver an integrated online and offline fitness experience, and address the diverse fitness needs of our users.
- We will also enhance our advertising customer base. For example, we will focus on strengthening our relationship with advertising agents to reach clients in bulk. We will also communicate with more sports associations to jointly promote services and locate more suitable advertising opportunities for our business. In addition, we plan to proactively reach out to suitable companies that place advertisements on other media and convert them to our advertising customers. In particular, we plan to increase the penetration rate of advertisements in health-related industries, especially those that are highly relevant to fitness, sports, and health, and industries promoting low-carbon society, such as electric cars. We believe working with advertising customers from health-related industry create synergies due to the overlap of user base and target users. Our users are also generally more health-conscious and are thus are more likely to purchase health related products, making us the ideal partners for such advertising customers. In addition, we believe we are more well-positioned to serve advertising customers that promote sustainable business as our business inherently promotes low-carbon lifestyle. We have collaborated with several businesses in such industries to develop fitness course series with their brand logos in course backgrounds. We have designed courses with electric vehicle company that help drivers increase attention and focus, lower stress and reduce anxiety while driving. Our advertising customer has the courses built-in the entertainment system of their electric cars. The courses also well-integrate with other in-car devices to provide users with a holistic experience. For example, the courses allow for the automatic adjustment of interior lighting to create a more relaxing atmosphere. We also plan to launch a series of promoting activities centered around the slogan “Calorie for Battery”. We will encourage users to complete more workout sessions on our platform in exchange for free charging of their electric cars or electric car test drive opportunities in collaboration with electric vehicle companies. We will continue to strengthen our collaboration with advertisers in the selected industries and continue to expand our advertising customer base. In addition, as we grow our MAUs and explore marketing

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scenarios for users, we expect to see increased revenue brought by the advertisements on our platform, which helps retain our advertising customers and enhance the value of our advertising services, thereby increasing our monetization results.

### Improve Gross Margin and Operating Leverage

We believe our gross margins demonstrate the effectiveness of our innovative business model and lay a solid foundation for future profitability. We expect to experience an increase in gross margin.

- *Selling and marketing expenses.* During the Track Record Period, selling and marketing expenses accounted for the largest portion of our operating expenses. As we are at an early stage of operations, we invested in our brand awareness to solidify our first-mover advantage. Our selling and marketing expenses as a percentage of our total revenue decreased from 44.6% in 2019 to 27.3% in 2020. In early 2021, we strategically decided to increase spending in user acquisition and branding to increase mindshare, enhance brand awareness, further expand user base and solidify our market leading position. As a result, our selling and marketing expenses as a percentage of total revenue increased to 59.0% in 2021 from that of 27.3% in 2020. Due to such increased efforts, we experienced an increase in our user base and membership penetration. Starting from late 2021, we have gradually increased the efficiency of our selling and marketing initiatives and reduced expenses. Our selling and marketing expenses as a percentage of our total revenue decreased from 59.0% in 2021 to 29.2% in 2022. Despite the decrease in selling and marketing expenses as percentages of total revenue, our average MAUs increased by 5.9% year-over-year to 36.4 million in 2022. In addition, membership penetration rate reached 10.0% in 2022. On the other hand, we expanded our presence on social media to promote our content and services, including virtual sports events. Going forward, we expect to continuously evaluate and monitor the effectiveness and efficiency of our promotional campaigns and marketing spending.
- *Administrative expenses.* Our administrative expenses as a percentage of revenue were 18.4% in 2019, higher than that of 6.2% in 2020, primarily due to rental fees incurred in 2019 when we furnished our office space and professional fee (including auditor’s remuneration) incurred in 2019 in connection with our financing activities in the same year. Our administrative expenses as a percentage of revenue increased from 6.2% in 2020 to 13.6% in 2021, which was primarily due to the expansion of general and administrative personnel and increased professional fees associated with listing, and decreased to 11.1% in 2022 as we enhance the efficiency of our general and administrative team. We expect administrative expenses as a percentage of revenue to decrease in the future as we achieve greater economies of scale.
- *Research and development expenses.* Our research and development expenses as a percentage of revenue was 29.3%, 15.2%, 22.0% and 24.3% in 2019, 2020, 2021, and 2022, respectively. Our research and development expenses as a percentage of revenue decreased in 2020 primarily due to a decrease in social insurance contribution as a result of the relief policies promulgated by the government in response to the COVID-19 pandemic and as we optimized staffing efficiency. The increase in 2021 and 2022 was primarily due to the expansion of our research and development team and continuous investment to strengthen our technological capabilities. Going forward, we expect to continue to invest in research and development to improve our technology infrastructure

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and innovate our offerings. We also plan to further improve our research and development efficiency. We expect research and development expenses as a percentage of revenue to decrease in the future due to the return from our upfront research and development investments and the improved operating leverage. In particular, we expect our research and development team to grow at a slower pace than in previous years as we optimize our headcount planning to improve research and development efficiency. We expect that, by operating more efficiently and effectively, our research and development spending as a percentage of total revenue will further decrease.

- *Fulfillment expenses.* Our fulfillment expenses accounted for 8.3%, 8.3%, 7.9%, and 9.1% of total revenue in 2019, 2020, 2021 and 2022, respectively. We periodically review the geographical distribution of inventory and shipments to optimize the warehouse locations and storing structure. For example, we started to use a new warehouse in Dongguan to shorten the shipment distance in South China in April 2021. In addition, we optimize our supply chain system, including enhancing our order fulfillments methods to allow automatic combination of orders to the same address from the same customer within two hours. We expect fulfillment expenses as a percentage of revenue to decrease in the long run, primarily due to (i) our increased bargaining power and better pricing terms with logistics suppliers, which we have achieved through our scale advantage; and (ii) our optimized and streamlined logistics distribution system, which enables direct delivery from suppliers to consumers, eliminating the need for intermediary distributors.

Going forward, we intend to efficiently manage costs and expenses as a percentage of total revenue and further benefit from operating leverage. In addition, we expect to enjoy greater economies of scale on our platform as we continue to improve our one-stop, integrate fitness solution to unlock synergies across segments and increase flexibility in managing expenses. We have established an integrated business model. Online fitness content brings traffic to our self-branded fitness products, as users tend to purchase smart fitness devices and complementary fitness products, such as fitness gear, apparel and food, to enhance their performance and experience during workouts. At the same time, fitness products redirect traffic to online fitness content. With a continuously growing user base supported by core competencies in online content, fitness products and offline fitness centers, the opportunity for multi-channel marketing that can capture an online and offline user base at scale will continuously attract brands and merchants to our platform, thus enhancing the growth potential of advertising services. Our integrated business model is not a simple combination of different segments. Leveraging our integrated business model and cross-selling opportunities, we have achieved continued and balanced revenue growth.

In summary, we experienced losses during the Track Record Period as we prioritized strategic path formulation and business model optimization over immediate breakeven. As we continue to scale up our business, invest in marketing and branding to grow user base, expand content and product offerings to enhance monetization capabilities, as well as optimize cost structure and improve operating leverage, we expect to grow revenue and narrow our adjusted net loss (non-IFRS measure). Upon the successful implementation of the aforementioned measures, our Directors believe that we are effectively paving the way for long-term sustainable profitability.

### **Working Capital Sufficiency**

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, short-term time deposits, financial assets at fair value through profit or loss, and

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the estimated [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. We also proactively review and adjust our cash management policy and working capital needs according to general economic conditions and our short-term business plans. In addition, in view of our net cash outflows, net liabilities position and net losses during the Track Record Period, we plan to ensure our working capital sufficiency by taking advantage of above-mentioned measures to narrow down our net loss and improve our profitability. Further, as evidenced by our historical equity financing activities, we are able to obtain investment from well-known institutions. This also signifies the confidence of prominent investors in our Company. We currently do not have plans to issue new shares to raise funds shortly after the Listing and in the near future. We believe that potential external financing sources, including those to which we will gain access after the [REDACTED], will provide additional funding to fuel our business operation and expansion until we achieve profitability. Taking into account the above, and based on the written confirmation from the Company in respect of working capital sufficiency, review of the accountants’ report, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Sole Sponsor that would cast doubt on the Company’s conclusion that the Company has sufficient working capital to meet its present needs, that is for the next twelve months from the date of this document.

## TECHNOLOGY, RESEARCH AND DEVELOPMENT

We aspire to lead the innovation in the new era of China’s fitness industry leveraging our insights and technologies. The success of our business is supported by our strong technological capabilities that enable us to deliver a holistic and seamless fitness experience for our users. Our research and development team, coupled with our proprietary artificial intelligence technology, the large volume of fitness activities generated on our platform and collected through smart fitness devices each day, and our track record of successful product design and development, have created opportunities for continued improvements in our technology capabilities, enabling reliability, scalability and flexibility.

We invest substantial resources in research and development to improve our technology, refine our online platform, and develop new technology-enabled fitness products that are complementary to our content offerings and find ways to better serve the users on our platform. We incurred research and development expenses of RMB194.2 million, RMB167.9 million, RMB355.6 million and RMB536.9 million for the years ended December 31, 2019, 2020, 2021 and 2022, respectively.

Our dedicated research and development team mainly includes AI algorithm engineers that conduct modeling and algorithm research, security engineers that focus on cybersecurity and quality control, platform development engineers that develop and implement services on our platform, and product development engineers that specialize on designing and developing smart fitness devices and complementary fitness products. As of December 31, 2022, over 31% of our employees engaged in research and development and technology hold a master’s degree.

### Insights and Artificial Intelligence

We have accumulated user fitness information, interactions and transactions on our platform, which provide us with valuable industry insights on user preference and demand, and fitness content trends, and help us develop AI-assisted customized fitness content, products and services. For example,

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during a fitness course, we record what moves the user completes or skips, whether the user extends or shortens the breaks in between, and the associated heart rate records from our *Keep Wristband*. On the behavioral level, we record information such as user interactions, browsing history, page views and clicks, and transactions on our platform. Our system delivers speed and scalability, providing insights and analytics support across the fitness content, products and services on our platform. We have optimized our technology structure to make it more suitable for artificial intelligence and machine learning processes.

Based on our cumulative insights, we are well-positioned to develop various advanced AI applications to enhance the user experience and help them achieve their fitness goals more effectively on our platform. Examples of the AI applications on our platform include:

- *Personalized experience.* We have developed comprehensive profiles for users on our platform based on the information they provide, such as fitness goals and body measurements, results from fitness tests, and users’ viewing and interaction histories. We use advanced machine learning technology to offer personalized content feeds within our community and provide courses and curriculums that are suitable for their fitness goals.
- *AI-assisted courses and curriculums.* We are among the first in China to introduce AI-assisted fitness curriculums to provide users with a more systematic and personalized fitness solution. Based on user profiles, feedback during fitness activities, changing body measurements from smart scale and real-time heart rate from the *Keep Wristband*, we offer intelligent courses and curriculums that are tailored to users’ needs and can dynamically adapt to their fitness progressions using AI technology. See “—Our Content Offerings—Our recorded fitness content—Our structured courses” and “—Our Content Offerings—Personalized curriculum planning”.
- *Dynamic food planning tools.* We offer food planning tools for our subscribing members, where we offer specific food and recipes for each meal within the day based on users’ fitness goals and training on that day. Our proprietary food planning technology empowered by AI not only calculates target calories, but also takes into account macronutrient composition, fitness activities received from the *Keep Wristband* and smart scales, and other fitness factors. Our smart food planning tools, together with our AI-assisted curriculums, ensure a comprehensive and dynamic fitness experience while helping users achieve their fitness goals efficiently and effectively.
- *Running route mapping.* Our platform provides powerful running assistance to runners, and they can use our mobile app to track their outdoor running with detailed recording of route, pace, elevation, and other fitness information. We have accumulated a significant amount of running routes personalized for users based on their locations, fitness goals and past running experience. We are the first in China to map personalized running routes.
- *Automatic music playlist generation.* When a user has finished running, *Keep* can generate a corresponding piece of music based on the running records, such as pace, cadence and heart rate. We introduced the concept of “composing while running” to enhance user engagement by offering a brand-new running experience. We are the first in China to enable automatic music playlist generation in fitness industry based on data insights.
- *Gamified features in live streaming classes.* We are the pioneer of introducing gamified features in fitness live streaming classes in China, according to the CIC Report. One example is “Burger Challenge”, an innovative and interactive feature of the live streaming

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classes. For each live streaming class, based on the participants, *Keep* automatically assigns different types of food, such as burger or donuts, with an amount to consume as the challenge for users. Users may start their challenge during the live streaming classes and track their food consumption progress. Burger Challenge helps provide our users with additional sense of success during their workouts.

### Product Design and Development

We are committed to providing users with an innovative, immersive and highly interactive experience through integrating our industry-leading smart fitness devices and complementary fitness products with our comprehensive content offerings. With our strong product design and development personnel and our deep and specialized understanding of fitness and user demands, we are well equipped with capabilities that cover the end-to-end process of product development. Our capabilities allow us to develop a new fitness product from concept to online launch in less than eight months.

Our product team supports the fitness product design and the development of key fitness product components, including the six-axis accelerometer and gyroscope in our *Keep Wristband* and the intelligent resistance adjustment system in *Keep Bike*, among others. We strive to design our fitness products to meet users’ preferences for elevated fitness experiences. For example, because the flat buttons on a traditional treadmill are inconvenient to control during running, we designed our treadmill with a rotating button spiral. Our intelligent resistance adjustment system allows users to ride freely following the rhythms without worrying about adjusting resistance level. We are also devoted to integrating the appearance of our fitness products with our brand. Our product design shows our attitude towards esthetic appearance and compatible function at the same time, and conveys our deep understanding of fitness experience. Our design esthetics value simplicity, clean lines, smooth curves and simple elegance, distinguishing us from our competitors. We believe that our esthetically unified product design and deep understanding of fitness will help build a club of brand-loyal *Keepers*.

We develop and manage our fitness devices and products based on (i) insights on our users’ fitness activities and performances through their engagement with fitness content, (ii) personalized content presentation based on users’ specific needs, and (iii) users’ real-time feedbacks in the community. In product development, we mainly focus on the development of features that provide immersive interaction between our fitness products and content offerings. For example, our intelligent resistance adjustment system embedded in *Keep Bike* offers real-time resistance adjustment based on course target, users’ athletic level and fitness progression. We always perform product validation to ensure that our products function in the expected manner when placed in the intended environment. For example, we rigorously test the performance of our *Keep Wristband* at different settings, especially in the water to make sure that its strong water-resistance capability can support the monitoring and tracking of fitness activities such as swimming.

### Technology Infrastructure

We have developed a secure, efficient and cost-effective cloud-based core system to operate our business. Cloud-based technology allows us to process large amounts of complex information in-house, which significantly reduces cost and improves operation efficiency. We partner with third-party cloud service providers so that we enjoy the instant scalability and robustness of cloud-based services. Cloud service allows us to handle traffic spikes that are significantly higher than our normal traffic reliably.

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### OUTSOURCING, SUBCONTRACTING, SUPPLY AND LOGISTICS

We closely collaborate with a network of third-party outsourcing and subcontracting partners, suppliers and logistics service providers to produce and deliver the fitness products on our platform. We cooperated with 9, 15, 28 and 30 contract manufacturers for our smart fitness devices in 2019, 2020, 2021 and 2022, respectively, and 43, 49, 52 and 56 contract manufactures for fitness gear, 10, 8, 14 and 12 for fitness apparel, and 28, 30, 29 and 35 for fitness food in these periods, respectively. We also engaged four, five, five and six third-party storage providers, and four, five, five and six third-party logistics service providers in 2019, 2020, 2021 and 2022, respectively. The large scale of our business allows us to work with first-class partners and establish more favorable contract terms with them. Our robust supply chain capabilities and powerful logistics network allow us to produce and deliver high-quality products, drive user satisfaction and achieve operational efficiency.

#### Outsourcing and Subcontracting

We outsource and subcontract the manufacturing of our products to multiple contract manufacturers located in China. We believe that outsourcing the manufacturing of our products enables greater scale and flexibility at lower costs than establishing our own manufacturing facilities. We select third-party outsourcing and subcontracting partners based on factors such as quality, capacity, price, years of operation, reputation and compliance with applicable laws and regulations. Most of our outsourcing and subcontracting partners have extensive industry experience and have cooperated with other fitness brands in China and globally. All of our outsourcing and subcontracting partners are independent third parties located in China.

Our outsourcing and subcontracting partners produce our products using design specifications and standards that we establish. We then enter into framework agreements with outsourcing and subcontracting partners to place orders. The terms of our agreements with our outsourcing and subcontracting partners are generally one year with automatic annual renewal. The outsourcing and subcontracting partners will be responsible for the production, preservation and transportation of the products within the scope of their responsibility. The outsourcing and subcontracting partners shall ensure that the products provided must meet the quality standards as mutually agreed with us and in compliance with the relevant industry and national standards. They shall also ensure that the raw materials used in production are consistent with the descriptions in the production order. We conduct quality check on the products that we receive from outsourcing and subcontracting partners and will only proceed with payments if the products pass the quality check. The outsourcing and subcontracting partners also provide product warranty for the smart fitness devices subject to terms and conditions. The product warranty period is generally 12 months after users receive the products. During the product warranty period with our outsourcing and subcontracting partners, we can request outsourcing and subcontracting partners to fulfill the obligations of return, exchange and repair at any time in accordance with relevant national laws and regulations, and mutual agreement. The outsourcing fee varies based on different production orders. Although we generally do not restrict our outsourcing and subcontracting partners to supply fitness products to other parties, they are required to supply exclusively to us the fitness products that are protected under our intellectual properties, such as smart fitness devices and certain fitness gear collections.

*Quality Control.* We are committed to maintaining the highest level of quality in our products, including fitness food products. We seek to ensure quality control by carefully reviewing the production process and rigorously testing the products produced by our outsourcing and subcontracting partners. We have adopted strict quality control measures that follow customary industry practice,

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including a full process quality control and final product inspection to ensure product quality. We have a quality control team that regularly inspects our outsourcing and subcontracting partners’ facilities and is involved throughout the entire development process. Although we do not have employees stationed at the facilities of our outsourcing and subcontracting partners, our quality control team performs sampling inspection to ensure that our outsourcing and subcontracting partners fully adhere to our quality standards. For our new products to be produced, we conduct thorough examinations of product samples and each of their components at the product verification testing stage to make sure they satisfy all the technical requirements set forth in our design before the beginning of commercial production. We also periodically review the performance of our third-party outsourcing and subcontracting partners to secure sufficient manufacturing capacity and quality production of our products.

### **Raw Materials and Components**

Our raw materials and components for our self-branded fitness products segment mainly include electronic control system, treadmill bodies, LCD, chips, and silicone case, among others. The raw materials and components used in our products are sourced either directly by us or on our behalf by our outsourcing and subcontracting partners from a variety of component suppliers. We mainly purchase raw materials and components from China. We and our outsourcing and subcontracting partners procure raw materials and components that meet particular specifications into our products based upon a forecasted production plan.

Raw materials and components essential to our products are generally available from multiple sources. To ensure that we continue to offer products incorporating high quality materials and components, we seek to work with major material and component suppliers directly to foster long-term and in-depth cooperation. We typically enter into framework agreements with suppliers for our key materials and components and take measures to ensure that they meet particular specifications, including belt size and motor for smart fitness devices and characteristics such as stretch ability, capability to wick moisture and durability for gear and apparel. The terms of the agreements with our component suppliers are generally one year with automatic annual renewal. See “—Suppliers”.

*Quality Control.* We also actively coordinate the relationships between our outsourcing and subcontracting partners and component suppliers to continue to provide users with leading fitness technology and quality fitness products. We seek to guarantee the quality of raw materials and components sourced by outsourcing and subcontracting partners through regular inspection to confirm that they comply with our internal standards.

Some of the raw materials and components needed for the production of our products, including those that are available from multiple sources, may at times subject to industry-wide shortages and may experience significant commodity pricing fluctuations. Historically, we have not experienced material shortages of our raw materials and components as we have pre-stocked inventory according to manufacturing plan. Our cost of raw materials and components are subject to industry-wide commodity pricing. In particular we have experienced increased cost of chips historically in line with industry price fluctuations. See “Industry Overview—Raw Material and Components Price Analysis of China’s Online Fitness Market.” We aim to maintain a steady supply of necessary components or raw materials at reasonable prices by expanding our supply channels, developing long-term relationship with major suppliers, and increasing our inventory to meet the needs of our production.



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### Logistics and Fulfillment

We primarily work with third-party storage providers and logistics service providers for warehousing, logistics and fulfillment of our products. We collaborate with third-party storage providers and leverage their warehouse and geographical coverage. Our small packages are distributed nationally through three warehouses in three cities in China and our large packages are stored in cloud warehouses distributed in various cities. We also have a distribution and sorting center for after-sales services. We have established a comprehensive enterprise resource planning (ERP) system for warehouse management with our storage providers to closely monitor each step of the fulfillment process from the time a purchase order is confirmed to when the product is packaged and picked up by delivery service providers. We also keep track of the real-time inventory level to mitigate inventory risk. We usually enter into agreements with our storage providers for a term of one year.

We engage third-party logistics service providers to collect our products from warehouses and deliver them to users. We usually negotiate and enter into logistics agreements with our logistics service providers for a term of one year with automatic annual renewal. For our *Keep Bike* and treadmill, our logistic service providers also offer professional installation services so that the users can start using our devices right away. With the assistance of third-party logistics companies and the wide geographic distribution of our warehouses, we are able to ensure speedy and reliable delivery and setup. Our average shipping duration from payment to the delivery of orders is approximately three days.

### SALES AND MARKETING

#### Sales

We sell our smart fitness devices and complementary fitness products primarily through direct sales channels and wholesale channels. Under the direct sales channels, we sell our products through our online store and our official stores on third-party e-commerce platforms. The online store on *Keep* platform offers the full line-up of our products directly to users with insightful product descriptions. Under the wholesale channels, we distribute our products through wholesalers to expand our user reach and drive sales.

#### Pricing Policy

Our products and services are offered under fixed price with consideration of various factors. On one hand, we adopt a user-oriented approach to consider the budget of our target user group and the competitive market position of our products and services at a given price. On the other hand, we price our products and services with reference to market dynamics and our financial performance, and consider our research and development expenses, outsourcing costs and the gross profit of the products that we may achieve taking into the relevant costs and expenses. In particular, we set the membership subscription fees based on market rate and target user survey on fitness budget. For fitness devices and products, we take into account the cost and our expected gross profit, as well as the price range of similar products in the market. For advertising services, we also consider the format and duration of the advertisement, display location, market pricing, among others.

#### Marketing

We benefit significantly from our large and engaged user base, word-of-mouth referrals and a continued increase in user subscriptions driven by content and growing branding awareness. Our

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unique and well-established brand spirit has helped us establish our community and build a large and engaging user base. At *Keep*, we believe in the power of branding and are committed to creating a new fitness culture that inspires users in China, and further enhancing brand awareness to drive the sale of our fitness content and products. We promote our platform and raise brand awareness through a variety of online and offline marketing and brand promotion activities. Our content, product and technology teams collaborate closely with our sales and marketing team to align and execute our sales and marketing strategies and ensure optimized user acquisition. We have launched various branding initiatives and acquired users through a variety of marketing channels:

- *Influencer marketing.* We work closely with influencers on our platform who capture the passionate, enthusiastic and persistent message we try to deliver through our brand to generate creative and professional fitness related content. The influencers we collaborate with usually have an extensive number of followers on our platform and other social networks. They help us attract new users and retain existing users by uploading fitness courses on our platform and actively engaging with users. users are not only attracted by the professional fitness content delivered by the influencers, but also the fitness experience they share within the *Keeper* community. This allows the creation of a strong bond and the building of deep emotional connections between influencers and users which in turn help increase user retention.
- *General branding.* We conduct general branding activities primarily in the form of fitness events, outdoor bulletin boards, television commercials, and through our offline fitness centers. We have hosted branded fitness contests and sponsored world-class fitness events, such as city marathons, Spartan races and Ultimate Fighting Championships. We also regularly organize pop-up events across China to build close connection with our fans and users. Some of our users would fly thousands of miles to meet other users, and share the stories of how they progress and succeed together with us. We also expand our user reach and increase our brand awareness by displaying captivating adds with powerful slogans in coveted places in public transportation, high-end residential buildings and core business districts. In addition, as a trial initiative, we operate *Keeland* fitness centers to encourage visitors to take part in group courses with its instructors. Participants can also try out our smart fitness devices such as *Keep Bike* and *Keep Wristband* during the exercise. Such trial initiative enables users to experience our online content at offline locations, promote integrated fitness training and enable holistic fitness experience with the help of smart fitness devices. We believe that the offline fitness experience provided by *Keeland* fitness centers and our *Keep* selected fitness classes deepen our brand engagement and loyalty, increase user touchpoints and further drive subscribing member conversion. We owned and operated 13, 9, 9 and 7 *Keeland* fitness centers in Beijing, China as of December 31, 2019, 2020, 2021 and 2022, respectively, to provide offline fitness services. We also launched *Keep* selected fitness classes in collaboration with third-party offline gyms in August 2021. We only provide our fitness content and services from our coaches to hold *Keep* fitness classes in these gyms from time to time, and we are not involved in the operation of these gyms. We expect to greatly expand the offline fitness class exposure to our customers while steering away from the heavy physical operations of the gym, which aligns with our overall strategy and initiatives for offline business. In 2021 and 2022, we collaborated with 8 and 90 gyms to offer *Keep* selected fitness classes, respectively. The pricing for both *Keeland* fitness centers and *Keep* selected fitness classes was RMB49 per person per class as of the Latest Practicable Date.

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- *Other initiatives.* We use a unique combination of brand and product-specific marketing to build brand awareness and strengthen our reputation in the fitness industry. For example, we held a Chinese New Year calories exchange event in 2021, which allows users to exchange their calories burnt through workout on our platform for New Year gifts, such as steak and other groceries, *Keep Wristband*, and membership. The event efficiently promoted our brand and attracted approximately two million participants within two weeks and caused several user traffic spikes. We also leverage our presence on major e-commerce platforms which enables us to market our products and reach a wider group of users. We join e-commerce platforms’ major promotion activities during China’s online shopping festivals on June 18, November 11, and December 12. In addition, we publish promotional materials related to our products on social media platforms to acquire new users. We attract new users through ads on various third-party apps, such as short video platforms.

## PRODUCTS AND SERVICES

Providing responsive and helpful user service is our high priority. In our ongoing efforts to maintain user satisfaction and improve our products and content, we maintain a dedicated user service team. We provide timely, attentive and upbeat user service to our users through instant online messaging and call centers. Our platform service representatives answer users’ questions with regard to our *Keep* platform, including questions on fitness curriculums, membership subscription and software malfunctions. Our sales representatives for smart fitness devices and complementary fitness products handle user inquiries at all stages of the shopping experience and assist users with questions regarding delivery, product particulars, payment and checkout. Users can engage with these user service representatives through functionalities embedded in our mobile apps. We train our user service representatives to answer user inquiries and proactively educate potential users about our content, products and promotional events.

### Customer Complaints Policy

We collect user feedback through multiple channels. Users can submit their feedback through our mobile app or Weixin mini program. We channel such feedback to different teams and utilize valuable insights provided by users to guide the improvements of user experience and empower fitness content, products and services optimization. We also integrate user feedback into our decision-making process by conducting in-depth user survey before we launch new content and products. Our customer service personnel also responds to customer complaints and suggestions. During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints.

### Warranty and Product Return Policies

We provide warranty programs for our smart fitness devices. We generally offer one-year product warranties to users. Users can generally request free replacement or free repair of defective products if the product malfunctions within one year of purchase.

We also strictly abide by the seven-day return policy for our fitness products. Users can return the products within seven days of delivery subject to certain terms and conditions. Users can rely on our one-stop after-sales services in our online store to submit online application for product exchange, on-site repair and maintenance. Users can also take advantage of our self-service feature to manage

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their orders and request after-sales services easily and conveniently. We promptly process such applications or requests to improve user satisfaction. For the allocation of liability for product defects between us and our suppliers, please see “—Outsourcing, Subcontracting, Supply and Logistics—Outsourcing and subcontracting”.

During the Track Record Period, we have not experienced material product recalls or product returns. There have been some immaterial product complaints from time to time. We incurred warranty expenses, which cover the cost of providing warranty services, of RMB1.1 million, RMB2.6 million, RMB7.6 million and RMB11.8 million for the years ended December 31, 2019, 2020, 2021 and 2022, respectively.

## SEASONALITY

Our results of operations are subject to seasonal fluctuations. Normally, the first quarter of each calendar year contributes to the smallest portion of our annual revenue, primarily due to a decrease in users’ willingness to exercise during the winter season and reduced sales of our self-branded fitness products during the Chinese New Year holiday period in the quarter. We usually observe an increase in revenue in the second and third quarters of each year, mainly because we experience relatively higher average MAUs and average monthly subscribing members in the second and third quarters as people are more willing to exercise during spring and summer, and upticks in the sales of our self-branded fitness products after the Chinese New Year. Furthermore, when e-commerce platforms hold special promotional campaigns during China’s online shopping festivals on June 18, November 11, and December 12, we typically observe an increase in sales of our fitness products immediately following these campaigns. In addition, we generally recorded lower advertising revenue for the first quarter of each year as advertising customers usually make plans for their yearly advertising spending at the start of each year and therefore tend to lower their advertising and promotional spending before their advertising budget is set. Seasonal fluctuations have not thus far posed material operational and financial challenges to us. However, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results. See “Risk Factors—Risks Related to Our Business and Industry—Our results of operations are subject to fluctuations due to seasonality”. We also experienced relatively higher average MAUs and average monthly fitness product customers in the first half of 2020 mainly due to the increased demand for at-home fitness content as a result of the COVID-19 pandemic. See “Financial Information—Impact of COVID-19 on our operations and financial performance.”

## INTELLECTUAL PROPERTY

We regard our patents, trademarks, copyrights, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success. As of December 31, 2022, we have 346 patents registered and 154 pending patent applications in China. We also own 1,027 registered trademarks, 416 copyrights including 57 software programs developed by us relating to various aspects of our operations, and 30 registered domain names, including *keep.com*.

We seek to protect our technology and associated intellectual property rights through a combination of patent, copyright and trademark laws, fair competition laws, as well as license agreements and other contractual protections. In addition, we enter into confidentiality and non-disclosure agreements with our employees, our manufacturers and suppliers and others to protect our proprietary rights. The agreements we enter into with our employees also provide that all patents,

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software, inventions, developments, works of authorship and trade secrets created by them during the course of their employment are our property. For example, under our agreements with our instructors, we are the owner of the intellectual property arising out of live streaming classes on our platform.

We own the intellectual property rights of fitness content we produced in-house and we typically obtain the intellectual property arising from live streaming on our platform and certain fitness courses which we created in collaboration with third parties, such as instructors. We maintain an extensive amount of PUGC primarily consisting of fitness content created by influencers and other licensed content from fitness content providers. We obtain licenses to display recorded fitness content generated by influencers and content providers with whom we maintain a collaborative relationship. In addition, we combine fitness content with a broad catalog of music to create an immersive and motivating fitness experience for our users. To secure the rights to use music in our content, we enter into agreements to obtain licenses from rights holders such as music publishers, artists, and other copyright owners or their agents. Under these agreements, we typically obtain the music use right for our fitness content with a use term ranging from one year to permanent and pay royalties to the copyright owners or their agents. We may also request these parties to choose or customize the right music based on the context that we provide. The terms of these agreements range from one to two years. We also partner with third parties for their services to screen music of different genres and obtain licenses.

We intend to protect our technology and proprietary rights vigorously. We have employed internal policies, confidentiality agreements, encryptions and data security measures to protect our proprietary rights. During the Track Record Period and up to the Latest Practicable Date, we did not initiate any material litigations for the infringement of our intellectual property rights, and no material claims or disputes were brought against us in relation to any infringement of trademarks, copyrights or other intellectual property. However, there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Risk Factors—Risks Related to Our Business and Industry—We and our content providers have been and may be subject to intellectual property infringement claims or allegations, which may be expensive to defend and may disrupt our business” and “Risk Factors—Risks Related to Our Business and Industry—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position”.

### **OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES**

With our evolving technology, we break traditional constraints and bring users to the forefront of fitness by providing a comprehensive, accessible and affordable fitness solution. We believe that the power of sports and fitness is pervasive, and everyone can be an influencer to set his or her community in motion.

As a company offering a comprehensive fitness solution to the society, we believe that our business inherently promotes low-carbon lifestyle and healthy living following the ESG principles. We believe our continued growth depends on our integration of ESG values into our corporate strategies and operations. With the unprecedented challenges regarding climate change and the COVID-19 pandemic, we have become more active to take on social responsibilities and we will continue to bring fitness to everyone in our society. We are committed to operating on an ethical and compliant basis

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and elevating user experience through technological innovation. We will continue to promote a diverse and inclusive environment for talents, and pursue environmentally friendly operations following the principles of low carbon economy, thereby contributing to public welfare and helping build a sustainable community.

### **Identification, Assessment and Mitigation of our ESG Risks**

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations, and have not had any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

We have identified the following ESG risks which we consider material and may have an impact on our business, strategy or financial performance.

#### ***Safety Issues related to Fitness Activities and Food Quality***

As an inherent risk in the fitness market, we may face disputes or legal actions for injuries or other health or safety related issues suffered by our users while exercising following our content or utilizing our fitness products due to improper usage or an individual’s health conditions, among other reasons. We may also face disputes or legal actions for injuries or other incidents that may happen to our users while they are on our premises. Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny and public awareness regarding food safety. Unexpected side effects, illness or injury related to allergens, food-borne illnesses or other food safety incidents (including food tampering or contamination) caused by products we sell, or involving suppliers that supply us with ingredients and other products, could expose us to product liability, negligence or other lawsuits. See “Risk Factors—Risks related to our business and industry—We could be subject to claims related to health or safety arising from the use of our fitness content or products, consumption of our fitness food and exercising on our premises”.

Set forth below are the various measures that we undertake to manage and mitigate risks relating to product quality and safety:

- We have established comprehensive internal policies and procedures related to outsourcing partner quality control, research and development quality control, and manufacturing quality control, among others.
- We regularly sample and test food products manufactured by our suppliers, monitoring production conditions, and filter nonconforming ingredient and finished food products.
- We require detailed food quality and hygiene standards in our fitness food suppliers, including inspection of raw materials, storage temperature control, equipment sanitization and cleansing, staff health certificate management and personal hygiene, among others.
- We strictly require the qualification and professionalism of in-house instructors and fitness content developers and third-party influencers and content providers.
- We follow customary industry practice to control the product quality of our smart fitness devices and fitness gear, including, among others, manufacturing process, inspection and final product quality check.

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- We have developed a proprietary manufacturing execution system, or MES, to manage the manufacturing details of our fitness products. Our outsourcing partners and suppliers can connect to our MES to streamline the whole production quality control process.
- We impose mandatory training and tests to our staff to enable them to give appropriate guidance and proper warnings to our users.
- We have obtained product liability insurance for our smart fitness devices, fitness gear and fitness food.

### *Supply Chain Management*

Responsible sourcing and sound supply chain management are essential for us to ensure reliable product quality and sustainability along our supply chain. If we are unable to select quality third-party outsourcing manufacturers and suppliers, or monitor, audit and manage different parties in the supply chain may expose us to risks of suppliers’ non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.

We have established a supply chain approval process, through which suppliers and outsourcing manufacturers must provide relevant qualifications or certifications, such as their business licenses, food production and operation licenses, among others, and demonstrate legal compliance with environmental and social policies prior to approval. If the suppliers or outsourcing manufacturers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them. We require that all the products we obtain from outsourcing manufacturers fully comply with applicable national industrial standards. We also hire third-party quality testing companies to check the compliance of each product and display the testing report to our users.

### *Environmental Protection*

We monitor environmental, social and climate-related risks and opportunities that may impact on our business, strategy and financial performance and evaluate the magnitude of resulting impact over the short, medium and long-term horizon. We take these issues into account when developing our business strategy and may adjust our strategy in a particular region in response to changing environmental, social and climate-related landscape. See “—Our Environmental, Social and Governance (ESG) Initiatives—Environmental Protection”.

### **Environmental Protection**

We recognize the importance of contributing to sustainable development for the benefit of our society and environment. With this in mind, we strive to minimize the impact of our operations on the environment and promote sustainability and environmental awareness at all levels of our organization. For example, we moved our public welfare project of *Dream Sports Ground* online in 2021 so that all users could contribute to the project by completing virtual fitness tasks in a low-carbon way.

We are committed to sustainability as part of our corporate strategy, and we strive to cultivate a sustainable mindset among our employees and work environment. We have conducted a series of campaigns that aim to reduce waste and carbon emissions of both our company and our employees, including trash-sorting in all of our offices, water reduction, and carbon emission reduction. We have established several protocols in our offices in our effort to reduce water-usage. We placed signs to remind our employees to reduce their water usage.

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We are also committed to carbon mitigation measures and will continue to explore ways to further improve energy efficiency. To improve energy efficiency, we closely monitor and evaluate our power usage level. In 2022, our average annual power usage was approximately 676 thousand kWh. We have implemented a series of measures to reduce power usage and save energy, including daily inspection to turn off electronic devices when not in use, limiting temperature setting range or setting standard office temperature when using the air conditioning system and implementing “office power saving mode” when our offices are closed. We intend to lower our office electricity consumption through such measures. We also ask our employees to be mindful of the environment when consuming office supplies, such as using double-sided printing, only printing when necessary, archiving files digitally and using scrap paper. We consumed a total of 1.5 tons of paper in 2022. We will continue to raise the paper consumption awareness of our employees through trainings and continue to improve paper consumption efficiency. In addition, we continually evaluate our water usage level. In 2022, we recorded annual water usage of approximately 4,958 tons. We strive to foster a conservation culture in our Company and will continue to monitor and control energy and water usage level in our daily operation.

We aim to create fitness that leaves a mark on the world, equipment that doesn't. We will continuously improve the environmental impacts of our products, from materials to manufacturing, and we always bear environmental impact in mind when selecting raw materials, components, and outsourcing manufacturers. For example, all of our apparel packagings use recycled materials to ensure environmental sustainability. Our apparel meets relevant national standards in terms of durability and chemicals, among others, which would promote sustainable consumer purchase pattern with reduced waste and result in less likelihood to pollute the environment with hazardous substances. We also thrive to choose more natural materials in making our fitness products, such as yoga mat, and we ensure that the procedures to process these materials follow the relevant national standards. We also place great emphasis on supply chain sustainability and have been promoting a responsible, low-carbon and bio-diversity paradigm along our value chain. We have strict requirements on our outsourcing manufacturers and regularly inspect whether the manufacturing facilities adopt the production standards related to environmental protection.

We are also devoted to increasing environmental awareness in the society. For example, we held earth day cycling fat loss event in 2018 and offer a special “earth day knight” badge to all users who completed the tasks. Over 30,000 users registered for this event. In September 2021, together with hundreds of other companies in China, we joined an initiative for digital space and green, low-carbon activities at the first China Digital Carbon Neutrality Summit.

### **Social Responsibility**

Social responsibility has been central to how we do business. We carry out our purpose and instill our belief through contributing to the wide community. Leveraging what we are best at, we have mainly centered our efforts in the fitness industry, as follows.

- We believe that fitness has the power to positively shape the future of the young generation. We have been constantly making donations to the construction of fitness infrastructures and facilities for young children. We have donated fitness equipment to and built fitness facilities for schools in less developed regions in China to help more children get off the sidelines and enjoy fitness. In August 2016, our first *Dream Sports Ground* landed in an elementary school in Qinghai Province, providing children with better sports conditions. In November 2019, we, together with one of our business partners, built a



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brand new and high level sports ground for the children in Xinjiang Tahekureke Elementary School to facilitate their daily physical exercises. In June 2021, the latest *Dream Sports Ground* was completed in cooperation with the China Internet Foundation for Public Welfare in an elementary school in Shaanxi Province.

- We invited visually impaired runners and their guide runners to shoot a public welfare short film named “*I Am Your Eyes*”. By exploring their stories and recording their mental journeys, we helped raise the public awareness of the hardship the visually impaired people of our society have been enduring in their everyday lives.
- We have also invited nonprofit organizations such as WildAid and celebrity ambassadors to join our *Keeper* community to raise nutrition awareness among public and help them maintain a healthy and balanced diet. In addition, we advocate reducing meat consumption and making fresh fruits and vegetables a bigger part of people’s diet to develop a healthy lifestyle and contribute to a healthy planet.

We believe it is our responsibility to stand out in difficult times and our commitment to society is embodied in our efforts during the COVID-19 outbreak. We proactively supported China’s nationwide efforts to contain the spread of COVID-19 and took responsibility to support the communities. In 2020, we rolled out a seven-day curriculum together with General Administration of Sport of China to encourage people to stay indoor to combat the spread of the pandemic. In March 2022, *Keep* cooperated with the Chinese Red Cross Foundation to send out 100,000 bi-weekly membership subscription packages to residents in Changchun, China during the quarantine periods due to the COVID-19 pandemic. *Keep* also offers free 14-day membership for people subject to home quarantine across China and we have sent out over 73,000 membership packages up to the Latest Practicable Date. We believe our supportive efforts in this special time strengthened our ties with the communities we serve and consolidated our long-standing value in being socially responsible.

### Corporate Governance

We are on a continuous journey to the improvement of wellbeing of everyone working with and for us. We foster inclusion and equality among employees from all backgrounds, regardless of employment type (full-time or part-time), religion, age, gender, sexual minorities, disability, sexual orientation, citizenship status and parental status, among others. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. Hence, we consider diversity in determining the composition of our personnel. For example, as of December 31, 2022, approximately 46% of our employees are female.

We are committed to fostering a vibrant and encouraging environment where employee can engage in fitness training every day at workplace. We have implemented a comprehensive gym and a *Keepland* offline fitness center inside our main office building, which allow employees to join our courses and curriculums conveniently. We also provide our employees with holistic training programs to help them advance on their career paths. We treat the health and safety of our employees as our top priority and have taken additional measures to protect the physical and mental health, safety and wellbeing of our employees during the COVID-19 pandemic.

We comply with the laws and regulations in the PRC regarding anti-corruption. In addition, we have adopted and strictly implemented our internal anti-corruption policies as stipulated in our employee handbook, which is signed by all our employees. Pursuant to our anti-corruption policies,

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any employee who takes a bribe from any business partner for the purpose of getting business will be subject to penalties or termination of labor contracts. In addition, we have imposed a whistleblowing procedure that allows employees to report actual or suspected wrongdoing. The identities of the whistle blowers are kept strictly confidential.

We have built a sound corporate governance structure to ensure the effectiveness of our management. The board of directors are overseeing ESG-related issues and perform relevant ESG governance responsibilities on behalf of the board. See “Directors and Senior Management—Corporate Governance—Environmental, Social and Governance (‘ESG’)”.

## COMPETITION

The online fitness industry in China is rapidly evolving and increasingly competitive. We face competition for users in each area of our business from various market players in the specific area. In terms of online fitness content, we may compete with other market players such as video apps and live streaming apps for users, advertising revenue and fitness product brands and smart fitness device brands and manufacturers for product sales. Fitness training videos from key opinion leaders on free video-streaming platforms are typically generated at will as a type of “content creation” by these individual users who may not possess professional knowledge and structured training in fitness. Nor do they produce their fitness content creation in a systematic manner. Fitness content from key opinion leaders on other free online platforms also lacks quality and consistency in terms of video editing, language/subtitles, audio quality, recording background, disruption from advertisement, video length, among others, which leads to less desirable fitness experience that discourages users to follow or complete a workout. Meanwhile, the fitness content on our platform caters into users’ strong exercise intent when they log on the app and focus on an interactive “work-out” experience. Our online fitness content is designed to encourage users to actually participate in and complete workout sessions rather than browsing fitness videos casually. For the smart fitness device segment, we mainly compete with consumer electronics brands and fitness device brands. We integrate our online fitness content with smart fitness devices for better user engagement and more immersive fitness experience that other video and live-streaming apps cannot offer. For complementary fitness products, the market is highly fragmented considering the variety of products in this segment. Major competitors include globally well-known sporting goods brands.

We believe that we are strategically positioned in the online fitness industry and we can compete favorably with our competitors primarily on the following factors: (i) our leading market position, (ii) diverse and quality of content offerings, (iii) breadth of product offerings, (iv) our comprehensive fitness solution that integrates online content and offline experience, (v) our established brand and engaging community, and (vi) our technology and innovation. However, some of our current or future competitors may have greater technical or distribution resources than we do and it is difficult for us to predict our competitors’ actions in these areas or the timing and impact of new entrants into the market. See “Risk Factors—Risks Related to Our Business and Industry—We operate in a fast-evolving industry and may not be able to compete effectively”.

## CUSTOMERS

Our customers include users who purchase our fitness content and products and participate in our *Keep* offline fitness classes, advertisers who post advertisements of their content, products and services on our online platform and wholesale channels that we use for selling our self-branded fitness

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products and services. See “— Wholesale Channels”. Our main customers are individuals seeking our self-branded fitness products. Substantially all of these customers are located in China. All of our five largest customers are independent third parties. We do not believe that we have customer concentration risks or counterparty risks.

None of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest customers during the Track Record Period that is required to be disclosed under the Listing Rules.

During the Track Record Period, sales from our five largest customers in each year during the Track Record Period accounted for 12.7%, 12.0%, 16.2% and 11.2% of our total sales in each year ended December 31, 2019, 2020, 2021 and 2022, respectively, and sales from our largest customer accounted for 5.5%, 5.8%, 10.1% and 6.4% of our total sales in each year ended December 31, 2019, 2020, 2021 and 2022, respectively. The top five customers are primarily wholesale channels that purchased our self-branded products and advertising companies who purchased our online advertising service, while our largest customer in each year during the Track Record Period was wholesale channel that purchase our self-branded products. In general, we enter into framework agreements with customers to provide advertising services. Under these agreements, our customers will typically pay us within six months upon the acceptance of our services. The terms of agreements vary from one month to a year. For the agreements with our largest customer who purchases our self-branded products, see “—Wholesale Channels”.

Name of Customers	Products/Services Sold	Sales Amount (In RMB Millions)	% of Total Sales	Length of Relationship	Credit Period Granted to Us
<b>For the Year Ended December 31, 2019</b>					
Customer A <sup>(1)</sup>	Self-branded fitness products	36.2	5.5%	Since 2018	Within three months
Customer B <sup>(2)</sup>	Advertisements	14.1	2.1%	Since 2017	Within three months
Customer C <sup>(3)</sup>	Advertisements	13.0	2.0%	Since 2019	Within three months
Customer D <sup>(4)</sup>	Advertisements	13.0	2.0%	Since 2016	Within three months
Customer E <sup>(5)</sup>	Advertisements	7.9	1.1%	Since 2018	Within three months

Name of Customers	Products/Services Sold	Sales Amount (In RMB Millions)	% of Total Sales	Length of Relationship	Credit Period Granted to Us
<b>For the Year Ended December 31, 2020</b>					
Customer A	Self-branded fitness products	63.8	5.8%	Since 2018	Within three months
Customer F <sup>(6)</sup>	Advertisements	22.3	2.0%	Since 2019	Within three months
Customer E	Advertisements	20.1	1.8%	Since 2018	Within three months
Customer C	Advertisements	17.4	1.6%	Since 2019	Within three months
Customer B	Advertisements	8.7	0.8%	Since 2017	Within three months

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Name of Customers	Products/Services Sold	Sales Amount (In RMB Millions)	% of Total Sales	Length of Relationship	Credit Period Granted to Us
<b>For the Year Ended December 31, 2021</b>					
Customer A	Self-branded fitness products	163.3	10.1%	Since 2018	Within three months
Customer G <sup>(7)</sup>	Self-branded fitness products	36.3	2.2%	Since 2020	Within three months
Customer C	Advertisements	22.3	1.4%	Since 2019	Within three months
Customer B	Advertisements	22.0	1.4%	Since 2017	Within three months
Customer H <sup>(8)</sup>	Advertisements	18.1	1.1%	Since 2021	Within three months

Name of Customers	Products/Services Sold	Sales Amount (In RMB Millions)	% of Total Sales	Length of Relationship	Credit Period Granted by Us
<b>For the Year Ended December 31, 2022</b>					
Customer A	Self-branded fitness products	141.1	6.4%	Since 2018	Within three months
Customer G	Self-branded fitness products	38.6	1.7%	Since 2020	Within three months
Customer I <sup>(9)</sup>	Self-branded fitness products	32.0	1.4%	Since 2022	Within three months
Customer J <sup>(10)</sup>	Self-branded fitness products	20.7	0.9%	Since 2022	Within three months
Customer C	Advertisement	18.0	0.8%	Since 2019	Within three months

*Notes:*

- (1) Located in Beijing, Company A is an e-commerce retail platform that sells electronics, computers, accessories, household supplies, beauty and personal care products, food products, apparel and other products.
- (2) Located in Guangzhou, Company B is an advertising company that provides advertising, marketing, consulting and other service.
- (3) Located in Shanghai, Company C is a media company that provides service including social media marketing and branding, photograph and video production and other service.
- (4) Located in Shanghai, Company D is an advertising company that designs, plans, and publishes advertisements on various platforms, and provides event planning, marketing and other service.
- (5) Located in Tianjin, Company E is a media company that provides service including advertising, broadcasting, digital marketing and motion pictures.
- (6) Located in Beijing, Company F is a high-tech company that is involved in technology development, technology consulting, technology transferring, advertising and other service.
- (7) Located in Hangzhou, Company G is a retail company that sells apparel, lingerie, jewelry, cosmetics, shoes and other products to consumers.
- (8) Located in Guangzhou, Company H is an advertising company that offers advertising, brand marketing, image designing and other service.
- (9) Located in Hangzhou, Company I is an e-commerce company that sells apparel, shoes, accessories, household supplies and other products to retail and wholesale customers.
- (10) Located in Hangzhou, Company J is an e-commerce company that sells apparel, shoes, accessories, household supplies and other products to retail and wholesale customers.

## WHOLESALE CHANNELS

We sell our self-branded fitness products to wholesale channels, such as JD.com, that purchase our self-branded fitness products and then sell to end-users through their online platforms or offline channels.

We had 12, 44, 69 and 82 wholesale customers as at December 31, 2019, 2020, 2021 and 2022, respectively. Revenue from our wholesale customers (“**Wholesale Revenue**”) represented approximately 5.8%, 6.8%, 13.8% and 11.3% of our total revenue for the years ended December 31,

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2019, 2020, 2021 and 2022, respectively. We have a seller-buyer relationship with our wholesale customers. Revenue is recognized when control of the products is transferred, i.e. when products are delivered to and accepted by our wholesale customers, or, in rare cases, when orders are placed by the wholesale party’s end customer and the products are subsequently delivered out of wholesale channels’ warehouse to end customers.

Under the wholesale agreements, we invoice our wholesale customers on a periodic basis based on the actual amount of goods sold, subject to any deductions requested by our wholesale customers (e.g., for damaged goods or adjustments for discounts in sale price) within a short period of time following delivery of the goods, typically within three months; such deductions are reflected in the sales amount recorded in the same period as delivery of goods, meaning that such deductions are already excluded from the revenue amount recorded for that period. Accordingly, the aging analysis for receivables from Wholesale Revenue is typically within 90 days. Typically, adjustments for discounts are based on wholesale customers’ actual amount of goods purchased or sold. In general, our wholesale customers are allowed to refund excess inventory, slow-selling products, defects and products returned within seven days upon the receipt of their retail customers. We incurred product returns of RMB1.4 million, RMB2.2 million, RMB6.7 million and RMB7.7 million through Customer A in 2019, 2020, 2021 and 2022, respectively, and RMB32 thousand, RMB903 thousand, nil and RMB141 thousand through other wholesale channels in 2019, 2020, 2021 and 2022, respectively. The product returns represented 3.7%, 4.1%, 3.0% and 3.1% of our wholesale revenue in 2019, 2020, 2021 and 2022, respectively. For clarity, revenue from our wholesale channels customers are recognized *net of* these product return amounts, and therefore, these product return amounts are not recognized in our sales figures for the respective calendar period. Products returned during the Track Record Period were mainly slow-selling products and fitness foods approaching expiration date.

We enter into different sales arrangements with wholesale channels based on the time the control of the products is being transferred. There are mainly two types of arrangements with wholesales channels. Under type I arrangements, the wholesale channels take ownership of the products upon delivery of the products to the wholesale channels’ warehouses. Revenue is recognized when control of the products is transferred to the wholesale channels’ warehouses. Under type II arrangements, the wholesale channels take ownership of the products when orders are placed by end customers and the products are subsequently delivered out of the wholesale channels’ warehouse. Revenue is recognized once orders are placed by end customers and the products have left the wholesale channels’ warehouse. We conducted most of the sales with wholesale channels under type I arrangement. We only entered into type II arrangement with few wholesale channels. Except for the differences in the transfer of control, there are no other terms or conditions in the agreements with the wholesale channels that would significantly affect the time revenue from the sales of self-branded fitness products is recognized. We recorded revenue recognized under type I arrangements of RMB38.3 million, RMB67.4 million, RMB221.2 million and RMB248.3 million in 2019, 2020, 2021 and 2022, respectively, and nil, RMB7.9 million, RMB2.8 million and RMB2.6 million in revenue recognized under type II arrangements in 2019, 2020, 2021 and 2022, respectively.

As of December 31, 2022, we had 82 wholesale customers with operating history range from around 1 to 64 years. All of the wholesale customers are corporate entities, with registered capital ranging from RMB30 thousand to US\$1,398 million. Our corporate wholesale customers contributed substantially all of our wholesale revenue as of December 31, 2022. They are all duly established and have operating history from around 1 year to 64 years. JD.com, our largest wholesale customer, contributed revenue of RMB36.2 million, RMB63.8 million, RMB163.3 million and RMB141.1

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million in 2019, 2020, 2021 and 2022, respectively, and is not subject to minimum sales targets or minimum price requirements. The terms of our arrangements with our largest wholesale customer are consistent with the industry practice. Our wholesale customers other than JD.com contributed revenue of RMB2.1 million, RMB11.5 million, RMB60.7 million and RMB109.8 million in 2019, 2020, 2021 and 2022, respectively. See Note 2.19.1(a)(ii) to the Accountant’s Report (Appendix I) for more information on the accounting policy of the revenue recognition of the wholesale customers, and Note 21 to the Accountant’s Report (Appendix I) for information on our accounts receivables. To our best knowledge, as of the date of this document, each wholesale customer is an Independent Third Party and there is no other material relationship with our Group that would required to be disclosed.

### SUPPLIERS

Our suppliers primarily consist of raw materials, components and finished goods suppliers, advertising and marketing service providers, warehousing, packaging and delivery suppliers, third-party application stores and other payment channels, third-party platform suppliers, data storage, server hosting, and bandwidth providers and fitness content providers. Substantially all of these suppliers are located in China. All of our five largest suppliers are independent third parties. We do not believe that we have supplier concentration risks or counterparty risks.

None of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers during the Track Record Period that is required to be disclosed under the Listing Rules.

During the Track Record Period, purchases from our five largest suppliers in each year during the Track Record Period accounted for 15.3%, 21.7%, 16.0% and 15.8% of our total purchases in each year ended December 31, 2019, 2020, 2021 and 2022, respectively, and purchases from our largest supplier accounted for 3.4%, 5.5%, 4.9% and 3.8% of our total purchases in each year ended December 31, 2019, 2020, 2021 and 2022, respectively.

Name of Suppliers	Products/Services Purchased	Purchase Amount (In RMB Millions)	% of Total Purchase Costs	Length of Relationship	Credit Period Granted to Us
<b>For the Year Ended December 31, 2019</b>					
Supplier A <sup>(1)</sup>	Marketing channels, sales channels and information technology service	35.5	3.4%	Since 2018	Within three months
Supplier B <sup>(2)</sup>	Raw materials, components and finished goods	35.4	3.3%	Since 2019	Within three months
Supplier C <sup>(3)</sup>	Raw materials, components and finished goods	30.7	2.9%	Since 2018	Within three months
Supplier D <sup>(4)</sup>	Finished goods	30.5	2.9%	Since 2018	Within three months
Supplier E <sup>(5)</sup>	Channel promotion services	30.0	2.8%	Since 2018	Precharge

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<b>Name of Suppliers</b>	<b>Products/Services Purchased</b>	<b>Purchase Amount (In RMB Millions)</b>	<b>% of Total Purchase Costs</b>	<b>Length of Relationship</b>	<b>Credit Period Granted to Us</b>
<b>For the Year Ended December 31, 2020</b>					
Supplier F <sup>(6)</sup>	Raw materials, components and finished goods	68.6	5.5%	Since 2019	Within three months
Supplier A	Marketing channels, sales channels and information technology service	57.0	4.6%	Since 2018	Within three months
Supplier G <sup>(7)</sup>	Raw materials, components and finished goods	56.4	4.6%	Since 2019	Within three months
Supplier D	Finished goods	48.7	3.9%	Since 2018	Within three months
Supplier H <sup>(8)</sup>	Platform fees	38.0	3.1%	Since 2019	Within three months
<b>Name of Suppliers</b>	<b>Products/Services Purchased</b>	<b>Purchase Amount (In RMB Millions)</b>	<b>% of Total Purchase Costs</b>	<b>Length of Relationship</b>	<b>Credit Period Granted to Us</b>
<b>For the Year Ended December 31, 2021</b>					
Supplier F	Raw materials, components and finished goods	126.9	4.9%	Since 2019	Within three months
Supplier A	Marketing channels, sales channels and information technology service	100.7	3.9%	Since 2018	Within three months
Supplier I <sup>(9)</sup>	Channel promotion services	73.8	2.8%	Since 2020	Within three months
Supplier J <sup>(10)</sup>	Advertisement placement	59.8	2.3%	Since 2021	Within three months
Supplier K <sup>(11)</sup>	Raw materials, components and finished goods	54.8	2.1%	Since 2019	Within three months

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Name of Suppliers	Products/Services Purchased	Purchase Amount (In RMB Millions)	% of Total Purchase Costs	Length of Relationship	Credit Period Granted to Us
<b>For the Year Ended December 31, 2022</b>					
Supplier L <sup>(12)</sup>	Raw materials, components and finished goods	111.3	3.8%	Since 2018	Within three months
Supplier A	Marketing channels, sales channels and information technology service	100.7	3.4%	Since 2018	Within three months
Supplier F	Raw materials, components and finished goods	92.7	3.2%	Since 2019	Within three months
Supplier M <sup>(13)</sup>	Logistics service	89.2	3.0%	Since 2022	Within three months
Supplier N <sup>(14)</sup>	Finished goods	69.5	2.4%	Since 2022	Within three months

*Notes:*

- (1) Located in Hangzhou, Company A is a technology company specializing in e-commerce, retail and information technology. Company A provides marketing channels, sales channels, information technology service and other service to customers.
- (2) Located in Huizhou, Company B is a high-tech company that designs, develops and sells smart electronics, online software and other smart devices.
- (3) Located in Kunshan, Company C is a high-tech company that designs, manufactures and sells personal fitness equipment, smart electronics, online software and other sports equipment.
- (4) Located in Fuqing, Company D specializes in design, develops, manufactures, and sells plastic fitness products, apparel, shoes and other plastic products.
- (5) Located in Beijing, Company E is a digital media company that provides service including advertising, marketing, designing, consulting and other service.
- (6) Located in Shenzhen, Company F is a high-tech company that designs, develops, manufactures and sells electronic products, computer hardware, digital accessories, online software and other products.
- (7) Located in Kunshan, Company G is a high-tech company that specializes in designing, developing, manufacturing and selling smart electronics, sports equipment, and other fitness products.
- (8) Located in United States, Company H is a high-tech company that designs, develops and sells consumer electronics, computer software, online services, personal computers and other hardware products.
- (9) Located in Shanghai, Company I is a media company that provides advertising, marketing, event planning, consulting and other service.
- (10) Located in Hangzhou, Company J is a media company that is involved in advertising, marketing, broadcasting, production and performance brokerage services.
- (11) Located in Shenzhen, Company K is a high-tech company that designs, develops and sells smart electronic devices, computer hardware, online software and other smart devices.
- (12) Located in Xiamen, Company L is a manufacturing company that designs, develops, manufactures and sells fitness products, sports equipment, steel products, furniture, electronic devices and other products.
- (13) Located in Shanghai, Company M is mainly engaged in logistics service, supply chain management service, warehouse service and other services.
- (14) Located in Shenzhen, Company N is a manufacturing company, specializing in metal products, printing materials and other products.

We believe we have sufficient alternative suppliers that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in the supply of the products we sourced from our suppliers.

We generally enter into framework agreements with major suppliers for our raw materials, components and finished goods, marketing and information technology services. We will pay the suppliers on the agreed terms in effect at time of purchase order. Our suppliers usually grant us a credit period within three months. The payment terms for our suppliers vary on a transaction basis. The terms of the agreements with our raw materials, components and finished goods suppliers are generally one year. The agreements can generally be terminated upon mutual agreements. Under the framework agreements with our suppliers of raw materials, components and finished goods, we are allowed to return or get refund for products defects.



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### EMPLOYEES

We had a total of 1,243 full-time employees and 547 part-time employees as of December 31, 2022. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2022.

<u>Function</u>	<u>Number of Employees</u>
Technology .....	395
Sales and marketing .....	346
Research and development .....	232
Management .....	116
Platform and other operations .....	49
Content production .....	105
<b>Total</b> .....	<b><u>1,243</u></b>

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and, as a result, have generally been able to attract and retain qualified personnel and maintain a stable core management team. As of December 31, 2022, 46% of our management function employees are female. In addition, our employees are also users in our community. We are committed to fostering a vibrant and encouraging environment where employee can engage in fitness training every day at workplace. We have implemented a comprehensive gym and a *Keepland* offline fitness center inside our main office building, which allow employees to join our courses and curriculums conveniently. We also have a number of self-organized fitness teams and host a variety of fitness activities each year. For example, we organize an employee athletic event every year and display an employee league board in terms of workout activities on *Keep*.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We enter into standard labor contracts and confidentiality agreements with our employees. To date, we have not experienced any significant labor disputes. None of our employees are represented by labor unions. In addition to employees, we also work with labor outsourcing agencies to place their outsourced personnel to perform live streaming services, marketing and promotion services and content services to meet our temporary staffing demand with flexibility. Under the labor outsourcing agreement, the labor outsourcing agencies are responsible for recruiting and arranging their own workers to undertake the above service as required by us. Generally, we enter into a one-year term labor outsourcing agreement with the labor outsourcing agencies. The outsourcing agreement comprises the sections including but not limited to the service matters, rights and obligations of all parties, service methods, service fees, legal liabilities, and contract period. The PRC Legal Advisor is of the view that execution of the labor outsourcing arrangements will not violate current PRC laws and regulations. See “Regulations—Regulations related to employment, social insurance and housing

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provident fund”. We do not count these outsourced personnel towards our total labor force as these personnel do not enter into employment arrangements with us.

During the Track Record Period, we engaged third-party service providers to pay social insurance and housing provident funds for a small portion of our employees (the “**Third-Party Arrangement**”), and as of Latest Practicable Date, none of the our employees’ social insurance and housing provident funds were paid through the Third-Party Arrangement. During the Track Record Period, none of the third-party service providers that our Company cooperates with had failed to pay, or delayed in paying, any social insurance premiums or housing provident fund contributions for our employees and we have not received any inquiry from relevant government authorities in this regard.

The Third-Party Arrangement, although not uncommon in China, are not in strict compliance with relevant PRC laws and regulations. If the Third-Party Arrangement is challenged by government authorities, we may be deemed to fail to discharge our obligations in relation to the payment of social insurance and housing provident funds through our own accounts as an employer. However, given that there is no PRC law and regulations explicitly stipulate whether such Third-Party Arrangement would be penalized or fined or not, we may face uncertainties as to the application and implementation of laws and regulations in this regard and thus may not be practical for us to estimate the maximum potential fine or penalty quantitatively.

Additionally, we have established new entities or branches in the cities where the employees involved in the Third-Party Arrangement work or reside, so as to cease the Third-Party Arrangement and to rectify such non-compliance. We have also transferred all the employees involved in the Third-Party Arrangement to the entities or branches newly established.

Based on the above, our PRC Legal Adviser is of the view that the risk of the Company being subject to material penalties and thus having a material adverse impact on the business and results of operations by reason of the adoption of the Third-Party Arrangement during the Track Record Period is relatively low, further considering that (i) the third-party service providers have confirmed in writing that they have paid such contributions in full in a timely manner and none of them has been subject to any administrative penalty in this regard; (ii) we have obtained written compliance certificates from relevant competent authorities confirming that the Company has not been subject to any administrative penalty from relevant government authorities in this regard during the Track Record Period; and (iii) the Company has confirmed that it has not received labor arbitration notices from any of their employees in relation to the Third-Party Arrangement during the Track Record Period and up to the Latest Practicable Date. Please also see “Risk Factors—Risks Related to Our Business and Industry—Enforcement of stricter labor laws and regulations and increases in labor costs in the PRC may adversely affect our business and our profitability”.

## FACILITIES AND PROPERTIES

We are headquartered in Beijing and have several offices in China. As of December 31, 2022, we had leased an aggregate of approximately 14,948 square meters of office space. We have also leased a total size of approximately 2,714 square meters for warehousing and offline fitness centers in China. We lease our premises under operating lease agreements from independent third parties. These leases vary in duration from three to five years. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

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As of December 31, 2022, none of the properties leased by us had a carrying amount of 15% or more of our combined total assets. [REDACTED].

### RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems. We continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

#### Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

#### Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal control team works closely with our legal, finance and business departments to: (a) perform risk assessments and advise risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our Company. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our internal control team conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. Our in-house legal department works with relevant business departments to obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

#### Data and Technology System Risk Management

We consider the protection of the personal privacy of users to be of paramount importance. To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data protection program. We gain access to fitness activities data through our platform and our smart fitness devices and we encrypt and store certain sensitive personal data on our own and third-party cloud servers, which are protected by firewalls. We collect personal information from users only with their prior consents.

During the Track Record Period, our app users may provide us with certain of their personal data that can be used to provide functions in the platform and better serve our users, including their

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phone number, profile photo, name, location, among other things. We also obtain users’ personal information related to their devices when they are using *Keep app*, such as the device information, the logs, the IP address, etc. Some of these personal data are likely to be regarded as sensitive personal data, so we obtain users’ separate consent in each category by requiring them to enable the permission in the operation system of their devices. In addition, we have taken several measures to protect sensitive data against potential unauthorized access. For example, we have established a strict approval mechanism, pursuant to which each category of user data can only be accessed by certain designated and authorized personnel to the extent that is necessary after internal approval. Also, after collecting the personal information, we will promptly de-identify certain sensitive personal data by using mask code and other means.

In addition, users have the right to revoke their consent to privacy policy and permissions in the operation system previously granted to us or to delete their data in our app. Once the users send us the request to revoke any prior consent, we will process such request within a reasonable time and cease to process their personal information thereafter.

We may provide information to third parties data processors in our daily operations. In doing so, we will inform the users of the recipient, purpose and method of processing and type of personal data, and obtain the users’ separate consent before providing personal information to such processors.

We have set forth certain data destruction rules in our policies. We delete user data through data erasure and physical destruction. Our policy requires us to regularly evaluate the effectiveness of our data destruction practice.

We have not suffered from any material data leakage during the Track Record Period and up to the Latest Practicable Date. We place great importance to users’ personal data, and we use encryption technology to protect users’ privacy and formulate strict policies to manage all data we have. We continually evaluate the effectiveness of our data security and privacy protection procedures, monitor our compliance status in accordance with the latest changes in applicable regulatory requirements and regularly update our privacy policy and internal procedures to better protect our users’ privacy and interests.

Our PRC legal adviser in respect of PRC data compliance law is of the view that the personal data collection, data usage, data process, data storage, provision of data to third parties, disclosure of personal information, data transfer and output and internet security system of the *Keep app* are in compliance with PRC laws and regulations in all material aspects pursuant to effective laws and regulations.

The CAC issued a notice on June 11, 2021, or the CAC Notice, requiring 129 named apps, including our app, to rectify the non-compliance with the necessity principle in the collection of personal information and the Necessary Personal Information Rules. We have refined the scope of basic functions and services of our *Keep* mobile app so that users may use such basic functions and services without providing any personal information. In late June 2021, we submitted a written report within the prescribed time-frame to show rectification we had adopted as required under the CAC Notice. We also updated our data privacy policy to clarify how we collect and use the users’ data, the scope of basic functional services that the users may use without providing any personal information for implementation throughout our mobile app, and we may only use such data and information to provide and improve our services, content and advertising in strict compliance with such policies. As

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of the Latest Practicable Date, we have not been informed by the CAC of any further requirements of rectification with respect to the foregoing incident. To prevent the recurrence of the non-compliance with the Necessary Personal Information Rules, we have refined the scope of basic functions and services of *Keep* app. Users do not need to provide us with any personal information when using basic functions and services. We will continually monitor the Group’s compliance status and regularly update our privacy policy and internal procedures to better protect our users’ privacy and interests.

We employ a variety of technical solutions to prevent and detect risks and vulnerabilities in user privacy and data security, such as encryption, firewall, data backup system, vulnerability scanning and database audit. For instance, we store and transmit users’ certain sensitive data in encrypted formats and obtained the network security protection certificate (grade 3, certificate number: 11010513071-20001). We maintain data logs that record all attempted and successful processing of personal data. We also have clear and strict data authorization and authentication procedures in place. Our employees only have access to data that are directly relevant and necessary to their job responsibilities and for limited purposes and are required to get approval upon every hyper-privileged access attempt. See “Risk Factors—Risks Related to Our Business and Industry—Our business generates, processes, collects and stores a large amount of data, and the unauthorized access, improper use or disclosure of such data could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential users from using our services”.

### **Human Resources Risk Management**

We provide regular and specialized training tailored to the needs of our employees in different departments. Through these trainings, we ensure that our staff’s skill sets remain up-to-date and enable them to discover and meet users’ needs. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption. We also provide employees with resources for explanation on guidelines contained in the employee handbook.

We also have in place a code of business conduct and ethics, and an anti-bribery and corruption policy approved by our board of directors, providing to our employees the best commercial practice and work ethics as well as our anti-bribery guidance and measures. We make our internal reporting channel open and available to our staff for any wrongdoing or misconduct. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings.

### **Audit Committee Experience and Qualification and Board Oversight**

We [have established] an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations. The audit committee consists of three members, namely Ge Xin, Shan Yigang and Wang Haining, all being independent directors. For the professional qualifications and experiences of the members of our audit committee, see “Directors and Senior Management—Directors”.

We will also maintain a risk management department that is responsible for reviewing the effectiveness of internal controls and [reporting to the audit committee on any issues identified.] Our risk management department members will hold regular meetings to discuss any internal control issues we

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face and the corresponding measures to implement toward resolving such issues. The risk management department will report to the audit committee to ensure that any major issues identified thus are channeled to the committee on a timely basis. The audit committee will then discuss the issues and report to the board of directors if necessary.

### INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. In addition to social security insurance for our employees as required by PRC law, we also provide supplemental commercial medical insurance for our employees. We have also obtained product liability insurance for our smart fitness devices, fitness gear and fitness food. We consider our insurance coverage to be sufficient for our business operations in China and other countries where we operate, and we believe our insurance coverage is in line with the industry norm. However, any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material and adverse effect on our results of operations. See “Risk Factors—Risks Related to our Business and Industry—We may not have sufficient insurance to cover our business risks, so that any uninsured occurrence of business disruption may result in substantial costs to us and the diversion of our resources, which could have an adverse effect on our results of operations and financial condition”.

### LEGAL PROCEEDINGS AND COMPLIANCE

We are involved in disputes and legal or administrative proceedings in the ordinary course of our business. We are not a party to any material legal or administrative proceedings during the Track Record Period and up to the Latest Practicable Date. However, litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. See “Risk Factors—Risks Related to Our Business and Industry—We have in the past been subject to legal and regulatory proceedings and may continue to be subject to these proceedings from time to time in the ordinary course of our business”.

During the Track Record Period, we have been ordered by the competent authorities to stop publishing certain advertisements and imposed a fine for RMB30,000 by using dictions on the product sales page on both *Keep* mobile app and third-party platforms without identifying the source of data. Further, we were given an administrative punishment of warning, confiscation of illegal income of RMB596.48 and a fine of RMB1,192.96 by the competent authorities for selling fitness food with misleading ingredient descriptions. And we have taken measures in place to avoid the re-occurrence of similar incidents, including: (i) engaging a third-party consultant to conduct compliance check on product description pages before release; (ii) conducting selective inspections on product description pages on a weekly basis by our in-house legal team; and (iii) holding periodical trainings to business departments regarding recent regulatory development and practice related to product advertising, consumer protection and other relevant regulatory compliance.

During the Track Record Period and up to the Latest Practicable Date, neither we nor our directors had been and were involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. However, we could be subject to fines and orders requiring that we change our practices, which could have an adverse effect

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on our business and results of operations if our practice fails to comply with laws and regulations, especially with data laws and regulations. See “Risk Factors—Risks Related to Our Business and Industry—Our business generates, processes, collects and stores a large amount of data, and the unauthorized access, improper use or disclosure of such data could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential users from using our services”. There are no similar non-compliance incidents after we strengthen the cybersecurity measures and enhance the internal control in respect of product advertising and consumer protection.

### LICENSES, PERMITS AND APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for the business operations of our major subsidiaries and major Consolidated Affiliated Entities, except the Audio-Visual License and Internet Publishing License as disclosed in “Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC laws and regulation, and any lack of requisite approvals, licenses, permits or registrations applicable to our business may have a material adverse effect on our business, financial conditions and results of operations”. Our business is subject to evolving regulation, and we are required to obtain and maintain applicable licenses, permits and approvals to conduct our business. In the opinion of our PRC Legal Adviser, except as otherwise disclosed in “Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC laws and regulation, and any lack of requisite approvals, licenses, permits or registrations applicable to our business may have a material adverse effect on our business, financial conditions and results of operations”, all of our major subsidiaries complied in all material aspects with relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth details of our material licenses, permits and approvals:

License/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
ICP License	Calorie Technology	Beijing Communications Administration	September 18, 2021	December 29, 2027
Internet Cultural Business License	Calorie Technology	Beijing Municipal Bureau of Culture and Tourism	July 10, 2019	July 9, 2025
Radio and Television Production Operation License	Calorie Technology	Beijing Municipal Radio and Television Bureau	May 6, 2023	May 6, 2025
Registration on the National Internet Audio-visual Platforms Information Registration Management System	Calorie Technology	National Radio and Television Administration	March 15, 2023	June 30, 2024
Food Operating License	Calorie Technology	Administration for Market Regulation of Chaoyang District Beijing	February 16, 2022	September 3, 2025
Food Operating License	Hangzhou Calorie Sports Co., Ltd.	Administration for Market Regulation of Yuhang District Hangzhou	November 19, 2021	November 18, 2026

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### AWARDS AND RECOGNITION

During the Track Record Period, we have received recognition for the quality and popularity of our fitness content, products and services. Some of the significant awards and recognition that we or our senior management have received are set forth below.

Award/Recognition	Award Year	Awarding Institution/Authority
National Sports Industry Demonstration Project (國家體育產業示範項目)	2022	State Administration of Sports
Interesting brands in 2022 (2022年度有意思品牌)	2022	China News Weekly
Public Welfare Partner of the Year (年度公益合作伙伴)	2022	China Social Assistance Foundation
Prominent brand - ranked first in the category for three consecutive years (金字招牌-連續三年位列所在品類第一)	2022	First Finance
The Third iSEE Innovation Technology Award (第三屆iSEE創新技術獎)	2021	FOODAILY, FOODAILY FBIC2021
Annual Growth Brand (年度增長力品牌)	2021	CBNDATA
Best Growth To C Company (最佳成長力To C企業)	2021	iResearch
Best Dessert Award in Global Innovative Food Appraisal Competition (全球創新食品評鑒大賽最佳甜品獎)	2021	Food and Beverage Innovation Forum
Application Tool Award (應用工具獎)	2020	Golden Reward
China Business Network's 2020 Golden Sign: shortlisted for five consecutive years and ranked first in terms of consumer popularity in its category (《第一財經》雜誌2020年度金字招牌：連續五年入圍榜單並蟬聯所在品類消費者喜愛度第一)	2020	China Business Network
Tmall Golden Laurel Award: Tmall AI Intelligent Fitness Leader (天貓金桂冠獎：天貓AI智能健身引領者)	2020	Tmall
Digital Innovation Award (數字創新獎)	2020	Beijing Business Today
2020 Top 100 China New Economy Unicorn Enterprises (2020中國新經濟獨角獸企業: Top 100)	2020	36Kr
The King of New Economy: The Most Competitive Enterprise (新經濟之王最具競爭力企業)	2020	36Kr
Original Content Gold Award (原生內容金獎)	2020	TOPDIGITAL
Star Award: The Best Technology Platform Award (星斗獎最佳技術平台獎)	2019	Sensors Data
Long Xi Creative Award: Bronze Award for Film and Television Broadcasting (龍璽創意獎：影視廣播銅獎)	2019	Long Xi Committee
The King of Lifestyle (生活方式之王)	2019	36Kr