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

ANNOUNCEMENT OF THE RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

The Board of Directors (the “**Board**”) of Meituan 美团 (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company for the three and six months ended June 30, 2023.

In this announcement, “we”, “us”, or “our” refers to the Company.

HIGHLIGHTS

Financial Summary and Operating Metrics

	Unaudited Three Months Ended				Year-over- year change
	June 30, 2023		June 30, 2022		
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	67,964,624	100.0%	50,938,363	100.0%	33.4%
Operating profit/(loss)	4,712,999	6.9%	(492,838)	(1.0%)	NA
Profit/(loss) for the period	4,688,619	6.9%	(1,116,027)	(2.2%)	NA
Non-IFRS Measures¹:					
Adjusted EBITDA	7,682,351	11.3%	3,802,741	7.5%	102.0%
Adjusted net profit	7,659,868	11.3%	2,057,773	4.0%	272.2%

¹ See the section entitled “Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures” for more information about the non-IFRS measures.

**Unaudited
Six Months Ended**

	June 30, 2023		June 30, 2022		Year-over- year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB in thousands, except for percentages)</i>				
Revenues	126,582,096	100.0%	97,207,117	100.0%	30.2%
Operating profit/(loss)	8,298,720	6.6%	(6,077,080)	(6.3%)	NA
Profit/(loss) for the period	8,047,110	6.4%	(6,818,593)	(7.0%)	NA
Non-IFRS Measures:					
Adjusted EBITDA	13,944,411	11.0%	1,961,970	2.0%	NA
Adjusted net profit/(loss)	13,151,309	10.4%	(1,528,479)	(1.6%)	NA

Three Months Ended

	June 30, 2023		June 30, 2022		Year-over- year change
	<i>(in millions, except for percentages)</i>				
Number of On-demand Delivery transactions	5,400.4		4,102.4		31.6%

Financial Information by Segment

Unaudited Three Months Ended June 30, 2023

	Core local commerce	New initiatives	Unallocated items ²	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	20,374,970	–	–	20,374,970
Commission	18,402,189	510,284	–	18,912,473
Online marketing services	10,243,600	63,577	–	10,307,177
Other services and sales (including interest revenue)	2,179,187	16,190,817	–	18,370,004
Total revenues	51,199,946	16,764,678	–	67,964,624
Cost of revenues, operating expenses and unallocated items	(40,061,425)	(21,957,600)	(1,232,600)	(63,251,625)
Operating profit/(loss)	11,138,521	(5,192,922)	(1,232,600)	4,712,999

Unaudited Three Months Ended June 30, 2022

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	15,950,770	–	–	15,950,770
Commission	12,478,501	315,518	–	12,794,019
Online marketing services	7,295,796	20,891	–	7,316,687
Other services and sales (including interest revenue)	1,054,176	13,822,711	–	14,876,887
Total revenues	36,779,243	14,159,120	–	50,938,363
Cost of revenues, operating expenses and unallocated items	(28,518,250)	(20,948,666)	(1,964,285)	(51,431,201)
Operating (loss)/profit	8,260,993	(6,789,546)	(1,964,285)	(492,838)

² Unallocated items mainly include (i) share-based compensation expenses, (ii) amortisation of intangible assets resulting from acquisitions, (iii) fair value changes of other financial investments at fair value through profit or loss, (iv) other gains, net and (v) certain corporate administrative expenses and other miscellaneous items. They are not allocated to individual segments.

	Year-over-year change			Total
	Core local commerce	New initiatives	Unallocated items	
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	27.7	NA	NA	27.7
Commission	47.5	61.7	NA	47.8
Online marketing services	40.4	204.3	NA	40.9
Other services and sales (including interest revenue)	106.7	17.1	NA	23.5
Total revenues	39.2	18.4	NA	33.4
Cost of revenues, operating expenses and unallocated items	40.5	4.8	(37.2)	23.0
Operating profit/(loss)	34.8	(23.5)	(37.2)	NA

**Unaudited
Six Months Ended June 30, 2023**

	Core local commerce	New initiatives	Unallocated items	Total
		<i>(RMB in thousands)</i>		
Revenues:				
Delivery services	37,280,261	–	–	37,280,261
Commission	34,217,481	938,049	–	35,155,530
Online marketing services	17,990,214	99,780	–	18,089,994
Other services and sales (including interest revenue)	4,597,326	31,458,985	–	36,056,311
Total revenues	94,085,282	32,496,814	–	126,582,096
Cost of revenues, operating expenses and unallocated items	(73,501,691)	(42,718,630)	(2,063,055)	(118,283,376)
Operating profit/(loss)	<u>20,583,591</u>	<u>(10,221,816)</u>	<u>(2,063,055)</u>	<u>8,298,720</u>

Unaudited
Six Months Ended June 30, 2022

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	–	27,594,667
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Operating (loss)/profit	<u>12,966,134</u>	<u>(15,242,830)</u>	<u>(3,800,384)</u>	<u>(6,077,080)</u>

Year-over-year change

	Core local commerce	New initiatives	Unallocated items	Total
	<i>(Percentages %)</i>			
Revenues:				
Delivery services	23.5	NA	NA	23.5
Commission	40.1	40.9	NA	40.1
Online marketing services	25.8	186.3	NA	26.2
Other services and sales (including interest revenue)	124.6	23.1	NA	30.7
Total revenues	32.6	23.8	NA	30.2
Cost of revenues, operating expenses and unallocated items	26.7	3.0	(45.7)	14.5
Operating profit/(loss)	58.7	(32.9)	(45.7)	NA

BUSINESS REVIEW

Company Financial Highlights

During this quarter, our revenues increased by 33.4% to RMB68.0 billion from RMB50.9 billion for the same period of 2022. Our Core local commerce segment achieved an operating profit of RMB11.1 billion for the second quarter of 2023, up by 34.8% from RMB8.3 billion for the same period of 2022. Meanwhile, the operating loss for our New initiatives segment narrowed on a year-over-year basis to RMB5.2 billion for the second quarter of 2023. We achieved profit of RMB4.7 billion for the second quarter of 2023, compared to a loss of RMB1.1 billion for the same period of 2022, turning from loss into profit on a year-over-year basis. Our adjusted EBITDA and adjusted net profit were both RMB7.7 billion for this quarter, reaching the highest level in history. We also achieved operating cash inflow of RMB10.9 billion for the second quarter of 2023. We held cash and cash equivalents of RMB27.0 billion and short-term treasury investments of RMB93.2 billion as of June 30, 2023.

Company Business Highlights

Core Local Commerce

For the second quarter of 2023, segment revenue increased by 39.2% year over year to RMB51.2 billion, and operating profit increased by 34.8% year over year to RMB11.1 billion, with operating margin remained relatively flat at 21.8%, compared to 22.5% in the same period of 2022. Number of On-demand Delivery transactions increased by 31.6% year over year.

In the second quarter, food delivery experienced strong growth as consumption continued to recover. We satisfied consumers' increasingly diverse demand through supply enhancement and subsidy strategy improvement, especially in the high ticket-size and high-quality bands. In addition, supply and demand in the low-price range also recovered strongly. As the restaurant industry plays an important role in China's economic development and in people's livelihoods, we remain committed to helping restaurants in their recovery and digital operations. During the quarter, the number of newly onboarded merchants more than doubled on year-over-year basis, which helped broaden our merchant base and improve our supply quality. On the marketing front, we upgraded our monthly promotional event "Shen Quan Jie" ("神券節"), and expanded "Shen Qiang Shou" ("神搶手") in multiple cities, enabling merchants to offer low-price and high-quality dishes through flash sales, live streaming, and short-form videos. Merchants who participated in these events realized notable growth in both transaction volume and number of new customers acquired. Beyond selling mega-hit products during the events, merchants were able to enjoy long-lasting benefits from consumer repurchases. Moreover, consumers usually add other dishes at check out when they validate their vouchers, enhancing cross-sells and boosting sales of shelf-based products. We further expanded our high-quality merchant base and provided them with resources and traffic support. In June, we launched the "Must-Order List" ("必點榜") for food delivery in more high-tier cities. The program helped attract more user traffic, provided long-distance delivery services, and expanded the consumer base for the merchants that are on the list. Going forward, we will continue to develop our food delivery ecosystem, enhance our content capabilities, and launch more innovative marketing strategies.

Nowadays, flexible workers have emerged as a crucial component of China's labor force. Besides providing job opportunities, we are also dedicated to improving the welfare and work experience for couriers. In June, we launched a Summer Courier Care program (“夏季騎手關懷活動”) in over 100 cities. We refined our delivery route algorithm to minimize couriers' exposure to high temperatures in the summer season. Additionally, we provided couriers with subsidies and ensured stable income for individuals working under extreme heat conditions. During this year's July 17th Courier Festival (“717騎士節”), we also launched a program to support couriers' long-term personal development, covering professional, career, and educational development opportunities.

During the second quarter, Meituan Instashopping maintained robust growth trajectory, with peak daily order volume reaching 11 million for the second time, thanks to the enhancement in user base and purchase frequency. Leveraging promotional events and festivals, we strengthened consumer awareness of the diversity and convenience that we offer. We further increased the quantity and variety of supply, and annual Active Merchants grew by 30% year over year. We continued to assist merchants in online operations, providing traffic, subsidies, and access to various marketing tools for the merchants. We witnessed notable growth across categories during promotional holidays. For example, electronics and home appliances experienced accelerated online penetration in lower-tier cities. Daily necessities, beauty and personal care, and mother-and-child products all achieved robust growth throughout the second quarter. We expanded our “24/7 Smart Pharmacies” (“24小時藥店”) nationwide to provide medical consultations and medications to a broader consumer base. In collaboration with pharmacies and pharmaceutical companies, we launched the “Yellow Light” project (“小黃燈健康守護聯盟”), bringing medical resources and 24-hour medical services to more lower-tier markets.

As offline consumption continued to recover, our in-store, hotel & travel business grew robustly in the second quarter, with GTV increasing by over 120% compared to the same period last year. Annual Active Merchants and annual Transacting Users also hit new highs.

During the second quarter, GTV of our in-store business increased substantially year over year, as we continued to refine our product offerings, enhance consumer experience, and expand merchant services. We also lowered the threshold for subscription-based services, enabling more small- and medium-sized merchants to capture the benefits of online operations at a lower cost. We enhanced our content generation capability and encouraged consumers to stockpile deals. To provide merchants with more marketing tools and help broaden their traffic acquisition channels, we optimized our Special Deals (“特價團購”) and live streaming programs. These measures not only allowed merchants to do online promotions with higher efficiency, but also offered consumers a wider range of high-quality and affordably-priced products and services. In addition, we continued to improve our ability to create mega-hit products, optimized the content offerings, and addressed more diverse needs from consumers, thus reinforcing consumer mindshare of finding local stores and deals on Meituan. We explored collaborations with third parties for traffic acquisition, and integrated the online and offline operations to further drive traffic growth. We recently launched the “2023 Must-Eat List” (“2023年必吃榜”), expanded the coverage to more restaurants, and launched the “Must-Eat Set Meals” (“必吃榜套餐”) to provide consumers with more recommendations and discounted deals. Furthermore, we organized themed activities and encouraged group meal consumption around holiday gatherings and travel scenarios, and collaborated with local governments to invigorate local consumption.

Our hotel and travel business also experienced strong growth during the second quarter, as the domestic travel industry continued to rebound. We increased the supply of high-quality selections across consumption scenarios and price ranges. We also increased live streaming frequency and diversified our Special Deals. In addition, we enriched the “Hotel+X” package deal products for leisure travel and vacation scenarios during the peak season. In the high-star domain, we deepened our collaborations with more hotel brands, launched more joint-marketing events, optimized the joint-membership programs and improved our pricing capability. For Labor Day and Dragon Boat Festival, we focused on both external traffic acquisitions and internal cross-sells from other businesses. We also successfully capitalized on the recovery of outbound travel by increasing the supply of overseas hotels, and broadened our outbound travel customer base. For alternative accommodations, we enhanced the experience for both consumers and landlords and better matched demand with supply.

New Initiatives

For the second quarter of 2023, revenues from the New initiatives segment increased by 18.4% year over year to RMB16.8 billion. Operating loss for the segment decreased by 23.5% year over year to RMB5.2 billion, and operating margin improved sequentially to negative 31.0%.

In the second quarter, GTV and revenue of Meituan Select continued to grow year over year, but the growth rate decreased due to slower than expected growth of the overall market. Operational efficiency significantly improved on year-over-year basis. Revenue of Meituan Select, which is booked on net basis, declined on sequential basis primarily due to our increased subsidies which lowered price per item. Quarterly operating loss expanded on sequential basis. This was primarily due to a larger business scale, our increased subsidies to drive growth, our expenditure on cold chain and logistics in response to the upcoming hot weather, and seasonal product mix change. We believe the grocery digitization will continue and remain confident on Meituan Select’s long term potential despite short term difficulty in refining the business model. We remained as an industry leader and have accumulated 470 million transacting users as the end of June. Transaction frequency of existing users increased as we further enhanced consumer mindshare. We achieved industry-leading fulfillment efficiency, as we expanded the coverage of cold-chain logistics and smart warehousing, while continually enhanced operations, as well as our supply chain management capability. Moreover, we helped farmers increase their incomes, promoted the circulation of agricultural products on our platform, and continued to create local employment opportunities in lower-tier markets.

Meituan Grocery also delivered solid growth on a year-over-year basis in the second quarter, despite a high base in the same period of last year, and achieved higher market share. We diversified our supply, and GTV contribution from standardized products and private labels continued to rise. We also continued to cultivate consumer behavior, which effectively boosted user frequency. In addition, we increased the density of front-end warehouses in the major cities where we operate, leading to improvements in delivery efficiency and user experience. Moreover, we strengthened our collaborations with the suppliers and enhanced direct sourcing and procurement of fresh produce. As such, we continued to provide consumers with high-quality products at competitive prices.

As offline consumption and the local services industry in China continued to recover, we further enhanced our product and service offerings for both consumers and merchants, by leveraging our “Retail + Technology” corporate strategy. We continued to help millions of merchants on our platform to optimize online operations and provide comprehensive set of marketing tools to help them reach broader consumers. We have been continuously satisfying the growing consumer demands through higher quality, more affordable and more convenient products. We remain committed to accelerating the digital transformation process for the services industry and helping promote the integration of digital technology with real economy. We will further explore in the areas such as artificial intelligence, autonomous delivery, and other cutting-edge technologies by leveraging both our proprietary research and external investments. We will also shoulder our corporate responsibility, generate more job opportunities, create value for all the participants in our ecosystem, and continue to fulfill our mission that “We help people eat better, live better”.

MANAGEMENT DISCUSSION AND ANALYSIS

The Second Quarter of 2023 Compared to the Second Quarter of 2022

The following table sets forth the comparative figures for the second quarter of 2023 and 2022:

	Unaudited	
	Three Months Ended	
	June 30,	June 30,
	2023	2022
	<i>(RMB in thousands)</i>	
Revenues	67,964,624	50,938,363
Including: Interest revenue	266,483	303,317
Cost of revenues	(42,566,619)	(35,363,935)
Gross profit	25,398,005	15,574,428
Selling and marketing expenses	(14,553,195)	(8,986,036)
Research and development expenses	(5,407,176)	(5,203,533)
General and administrative expenses	(2,139,048)	(2,503,552)
Net provisions for impairment losses on financial and contract assets	(195,264)	(50,437)
Fair value changes of other financial investments at fair value through profit or loss	103,761	(292,183)
Other gains, net	1,505,916	968,475
Operating profit/(loss)	4,712,999	(492,838)
Finance income	217,189	190,412
Finance costs	(354,003)	(418,612)
Share of profits/(losses) of investments accounted for using the equity method	122,406	(400,052)
Profit/(loss) before income tax	4,698,591	(1,121,090)
Income tax (expenses)/credits	(9,972)	5,063
Profit/(loss) for the period	4,688,619	(1,116,027)
Non-IFRS measures:		
Adjusted EBITDA	7,682,351	3,802,741
Adjusted net profit	7,659,868	2,057,773

Revenues

Our revenues increased by 33.4% to RMB68.0 billion for the second quarter of 2023 from RMB50.9 billion for the same period of 2022. We achieved revenue growth in both reportable segments due to the recovery of local consumption, especially the Core local commerce segment.

The following table sets forth our revenues by segment and type for the second quarter of 2023 and 2022:

	Unaudited Three Months Ended June 30, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	20,374,970	–	20,374,970
Commission	18,402,189	510,284	18,912,473
Online marketing services	10,243,600	63,577	10,307,177
Other services and sales (including interest revenue)	<u>2,179,187</u>	<u>16,190,817</u>	<u>18,370,004</u>
Total	<u>51,199,946</u>	<u>16,764,678</u>	<u>67,964,624</u>
	Unaudited Three Months Ended June 30, 2022		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	15,950,770	–	15,950,770
Commission	12,478,501	315,518	12,794,019
Online marketing services	7,295,796	20,891	7,316,687
Other services and sales (including interest revenue)	<u>1,054,176</u>	<u>13,822,711</u>	<u>14,876,887</u>
Total	<u>36,779,243</u>	<u>14,159,120</u>	<u>50,938,363</u>

Our revenues from the Core local commerce segment increased by 39.2% to RMB51.2 billion for the second quarter of 2023 from RMB36.8 billion for the same period of 2022. Benefiting from the recovery of local consumption, as well as our efforts to enrich the platform's supply and optimise the marketing strategies to capture the growing consumption demand, we enjoyed an increase in the Number of On-demand Delivery transactions and GTV, which led to the revenue growth.

Our revenues from the New initiatives segment increased by 18.4% to RMB16.8 billion for the second quarter of 2023 from RMB14.2 billion for the same period of 2022, mainly due to the recovery in local consumption and the expansion of the scale of operations.

Costs and Expenses

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

Unaudited Three Months Ended			
June 30, 2023		June 30, 2022	
Amount	As a percentage of revenues	Amount	As a percentage of revenues
<i>(RMB in thousands, except for percentages)</i>			

Costs and Expenses:

Cost of revenues	42,566,619	62.6%	35,363,935	69.4%
Selling and marketing expenses	14,553,195	21.4%	8,986,036	17.6%
Research and development expenses	5,407,176	8.0%	5,203,533	10.2%
General and administrative expenses	2,139,048	3.1%	2,503,552	4.9%

Cost of Revenues

Our cost of revenues increased by 20.4% to RMB42.6 billion for the second quarter of 2023 from RMB35.4 billion for the same period of 2022, and decreased by 6.8 percentage points to 62.6% from 69.4% as a percentage of revenues on a year-over-year basis. The increase in amount was primarily attributable to an increase in delivery related costs which was in line with the increase in the Number of On-demand Delivery transactions, as well as the increase in cost of revenues of our goods retail businesses. The decrease in cost of revenues as a percentage of revenues on a year-over-year basis was mainly due to: (i) the change of revenue mix, (ii) abundant courier supply for our food delivery and Meituan Instashopping businesses driving lower delivery cost per order, as well as (iii) the improved gross margin of goods retail businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased to RMB14.6 billion for the second quarter of 2023 from RMB9.0 billion for the same period of 2022, and increased by 3.8 percentage points to 21.4% from 17.6% as a percentage of revenues on a year-over-year basis. Both the increases in amount and as a percentage of revenues were primarily attributable to the increases in Transacting User incentives, promotion and advertising expenses, both of which resulted from the consumption recovery and evolving business circumstances, and employee benefits expenses.

Research and Development Expenses

Our research and development expenses increased to RMB5.4 billion for the second quarter of 2023 from RMB5.2 billion for the same period of 2022, which was primarily attributable to the increased employee benefits expenses. As a percentage of revenues, research and development expenses decreased by 2.2 percentage points to 8.0% from 10.2% on a year-over-year basis, primarily due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses decreased to RMB2.1 billion for the second quarter of 2023 from RMB2.5 billion for the same period of 2022, and decreased by 1.8 percentage points to 3.1% from 4.9% as a percentage of revenues on a year-over-year basis, primarily due to the decreased employee benefits expenses and improved operating leverage.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets increased to RMB195.3 million for the second quarter of 2023 from RMB50.4 million for the same period of 2022, which reflected the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss changed to a gain of RMB103.8 million for the second quarter of 2023 from a loss of RMB292.2 million for the same period of 2022, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the second quarter of 2023 was RMB1.5 billion, compared to RMB968.5 million for the same period of 2022. The change was primarily attributable to the increased fair value changes and gains from treasury investments, partially offset by the decreased foreign exchange gains.

Operating Profit/(Loss)

As a result of the foregoing, our operating profit and operating margin for the second quarter of 2023 were RMB4.7 billion and 6.9% respectively, compared to operating loss and operating margin of RMB492.8 million and negative 1.0% for the same period of 2022.

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

	Unaudited Three Months Ended			
	June 30, 2023		June 30, 2022	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	11,138,521	21.8%	8,260,993	22.5%
New initiatives	(5,192,922)	(31.0%)	(6,789,546)	(48.0%)
Unallocated items	(1,232,600)	NA	(1,964,285)	NA
Total operating profit/(loss)	<u>4,712,999</u>	6.9%	<u>(492,838)</u>	(1.0%)

Our operating profit from the Core local commerce segment increased to RMB11.1 billion for the second quarter of 2023 from RMB8.3 billion for the same period of 2022. The operating margin remained flat on a year-over-year basis. The increase in operating profit was mainly attributable to: (i) the revenue growth due to the recovery of local consumption, (ii) abundant courier supply for our food delivery and Meituan Instashopping businesses driving higher unit economics, and (iii) partially offset by the higher Transacting User incentives.

Our operating loss from the New initiatives segment decreased to RMB5.2 billion for the second quarter of 2023 from RMB6.8 billion for the same period of 2022, and the operating margin for this segment improved by 17.0 percentage points to negative 31.0% from negative 48.0% on a year-over-year basis. Both the improvements in operating loss and operating margin were mainly attributable to our efforts in improving operating efficiency.

Share of Profits/(Losses) of Investments Accounted for Using the Equity Method

Our share of profits/(losses) of investments accounted for using the equity method changed to a profit of RMB122.4 million for the second quarter of 2023 from a loss of RMB400.1 million for the same period of 2022, which primarily resulted from the fluctuation of the financial results of our investees.

Profit/(Loss) for the Period

As a result of the foregoing, we had a profit of RMB4.7 billion for the second quarter of 2023, compared to a loss of RMB1.1 billion for the same period of 2022.

The Second Quarter of 2023 Compared to the First Quarter of 2023

The following table sets forth the comparative figures for the second quarter of 2023 and the first quarter of 2023:

	Unaudited	
	Three Months Ended	
	June 30, 2023	March 31, 2023
	<i>(RMB in thousands)</i>	
Revenues	67,964,624	58,617,472
Including: Interest revenue	266,483	359,293
Cost of revenues	(42,566,619)	(38,800,047)
Gross profit	25,398,005	19,817,425
Selling and marketing expenses	(14,553,195)	(10,433,070)
Research and development expenses	(5,407,176)	(5,047,387)
General and administrative expenses	(2,139,048)	(1,994,953)
Net provisions for impairment losses on financial and contract assets	(195,264)	(255,347)
Fair value changes of other financial investments at fair value through profit or loss	103,761	164,029
Other gains, net	1,505,916	1,335,024
Operating profit	4,712,999	3,585,721
Finance income	217,189	184,419
Finance costs	(354,003)	(353,479)
Share of profits/(losses) of investments accounted for using the equity method	122,406	(49,759)
Profit before income tax	4,698,591	3,366,902
Income tax expenses	(9,972)	(8,411)
Profit for the period	4,688,619	3,358,491
Non-IFRS measures:		
Adjusted EBITDA	7,682,351	6,262,060
Adjusted net profit	7,659,868	5,491,441

Revenues

Our revenues increased by 15.9% to RMB68.0 billion for the second quarter of 2023 from RMB58.6 billion for the first quarter of 2023. The increase was primarily due to the recovery of local consumption and seasonality mainly in favor of our Core local commerce segment.

The following table sets forth our revenues by segment and type for the second quarter of 2023 and the first quarter of 2023:

	Unaudited Three Months Ended June 30, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	20,374,970	–	20,374,970
Commission	18,402,189	510,284	18,912,473
Online marketing services	10,243,600	63,577	10,307,177
Other services and sales (including interest revenue)	2,179,187	16,190,817	18,370,004
Total	51,199,946	16,764,678	67,964,624
	Unaudited Three Months Ended March 31, 2023		
	Core local commerce	New initiatives	Total
	<i>(RMB in thousands)</i>		
Revenues			
Delivery services	16,905,291	–	16,905,291
Commission	15,815,292	427,765	16,243,057
Online marketing services	7,746,614	36,203	7,782,817
Other services and sales (including interest revenue)	2,418,139	15,268,168	17,686,307
Total	42,885,336	15,732,136	58,617,472

Our revenues from the Core local commerce segment increased by 19.4% to RMB51.2 billion for the second quarter of 2023 from RMB42.9 billion for the first quarter of 2023. The revenue growth was primarily attributable to the increase in the Number of On-demand Delivery transactions and the GTV growth of our in-store, hotel and travel businesses, both of which resulted from the recovery of local consumption, favourable seasonality impact and our efforts to enrich the platform's supply and to optimise our marketing strategies to capture the growing consumption demand, partially offset by the lower average order value of our food delivery and Meituan Instashopping businesses.

Our revenues from the New initiatives segment increased by 6.6% to RMB16.8 billion for the second quarter of 2023 from RMB15.7 billion for the first quarter of 2023, mainly due to the growth of our goods retail businesses.

Costs and Expenses

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

		Unaudited	
		Three Months Ended	
		June 30, 2023	March 31, 2023
		As a	As a
		percentage	percentage
Amount	of revenues	Amount	of revenues
<i>(RMB in thousands, except for percentages)</i>			

Costs and Expenses:

Cost of revenues	42,566,619	62.6%	38,800,047	66.2%
Selling and marketing expenses	14,553,195	21.4%	10,433,070	17.8%
Research and development expenses	5,407,176	8.0%	5,047,387	8.6%
General and administrative expenses	2,139,048	3.1%	1,994,953	3.4%

Cost of Revenues

Our cost of revenues increased by 9.7% to RMB42.6 billion for the second quarter of 2023 from RMB38.8 billion for the first quarter of 2023, and decreased by 3.6 percentage points to 62.6% from 66.2% as a percentage of revenues. The increase in amount was primarily attributable to increased delivery related costs resulted from the increase in the Number of On-demand Delivery transactions, and also the increase in cost of revenues of our goods retail businesses, partially offset by the decrease in couriers' incentives under favourable weather conditions. The decrease in cost of revenues as a percentage of revenues was mainly due to lower couriers' incentives rate of our food delivery and Meituan Instashopping businesses.

Selling and Marketing Expenses

Our selling and marketing expenses increased to RMB14.6 billion for the second quarter of 2023 from RMB10.4 billion for the first quarter of 2023, and increased by 3.6 percentage points to 21.4% from 17.8% as a percentage of revenues on a quarter-over-quarter basis. Both the increases in amount and as a percentage of revenues were primarily attributable to the increases in Transacting User incentives, promotion and advertising expenses, both of which were due to the consumption recovery and evolving business circumstances, and employee benefits expenses.

Research and Development Expenses

Our research and development expenses increased to RMB5.4 billion for the second quarter of 2023 from RMB5.0 billion for the first quarter of 2023, which was primarily attributable to the increased employee benefits expenses. As a percentage of revenues, research and development expenses decreased by 0.6 percentage points to 8.0% from 8.6% on a quarter-over-quarter basis, primarily due to improved operating leverage.

General and Administrative Expenses

Our general and administrative expenses increased to RMB2.1 billion for the second quarter of 2023 from RMB2.0 billion for the first quarter of 2023, which was primarily attributable to the increased employee benefits expenses. As a percentage of revenues, general and administrative expenses decreased by 0.3 percentage points to 3.1% from 3.4% on a quarter-over-quarter basis, primarily due to improved operating leverage.

Net Provisions for Impairment Losses on Financial and Contract Assets

Our net provisions for impairment losses on financial and contract assets decreased to RMB195.3 million for the second quarter of 2023 from RMB255.3 million for the first quarter of 2023, reflecting the changes in expected credit losses for financial assets.

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

Our fair value changes of other financial investments at fair value through profit or loss changed to a gain of RMB103.8 million for the second quarter of 2023 from a gain of RMB164.0 million for the first quarter of 2023, which was mainly driven by the fluctuation in the fair value of our investment portfolios.

Other Gains, Net

Our other gains, net for the second quarter of 2023 was RMB1.5 billion, compared to RMB1.3 billion for the first quarter of 2023. The change was primarily attributable to the increased fair value changes and gains from treasury investments.

Operating Profit

As a result of the foregoing, our operating profit and operating margin for the second quarter of 2023 were RMB4.7 billion and 6.9% respectively, compared to operating profit and operating margin of RMB3.6 billion and 6.1% for the first quarter of 2023.

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

	Unaudited Three Months Ended			
	June 30, 2023		March 31, 2023	
	Amount	As a percentage of revenues	Amount	As a percentage of revenues
	<i>(RMB in thousands, except for percentages)</i>			
Core local commerce	11,138,521	21.8%	9,445,070	22.0%
New initiatives	(5,192,922)	(31.0%)	(5,028,894)	(32.0%)
Unallocated items	(1,232,600)	NA	(830,455)	NA
Total operating profit	<u>4,712,999</u>	6.9%	<u>3,585,721</u>	6.1%

Our operating profit from the Core local commerce segment increased to RMB11.1 billion for the second quarter of 2023 from RMB9.4 billion for the first quarter of 2023. The operating margin remained flat on a quarter-over-quarter basis. The increase in operating profit was mainly attributable to the delivery efficiency improvement of our food delivery and Meituan Instashopping businesses due to the favourable seasonality, partially offset by the higher Transacting User incentives.

Our operating loss from the New initiatives segment increased to RMB5.2 billion for the second quarter of 2023 from RMB5.0 billion for the first quarter of 2023, and the operating margin for this segment improved by 1.0 percentage points to negative 31.0% from negative 32.0% on a quarter-over-quarter basis. The increase in operating loss was mainly attributable to the increased Transacting User incentives and expenditure in our cold-chain logistics for goods retail businesses, partially offset by the narrowed operating loss in other new initiatives. The improvement in operating margin was mainly attributable to our efforts in improving operating efficiency.

Share of Profits/(Losses) of Investments Accounted for Using the Equity Method

Our share of profits/(losses) of investments accounted for using the equity method changed to a profit of RMB122.4 million for the second quarter of 2023 from a loss of RMB49.8 million for the first quarter of 2023, which primarily resulted from the fluctuation of the financial results of our investees.

Profit for the Period

As a result of the foregoing, we had a profit of RMB4.7 billion for the second quarter of 2023, compared to a profit of RMB3.4 billion for the first quarter of 2023.

Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures

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

Adjusted EBITDA represents profit/(loss) for the period adjusted for (i) fair value changes of other financial investments at fair value through profit or loss, other gains, net, finance income, finance costs, share of profits/(losses) of investments accounted for using the equity method and income tax credits/(expenses); and (ii) certain non-cash or one-off items, consisting of share-based compensation expense, amortisation of intangible assets, depreciation on property, plant and equipment, and certain impairment and expense provision.

Adjusted net profit/(loss) represents profit/(loss) for the period adjusted for (i) certain non-cash or one-off items, consisting of share-based compensation expense, amortisation of intangible assets resulting from acquisitions, and certain impairment and expense provision; (ii) net gains/(losses) from certain investments; and (iii) related income tax effects.

The following tables set forth the reconciliations of our non-IFRS measures for the three months ended June 30, 2023 and 2022, the three months ended March 31, 2023, and the six months ended June 30, 2023 and 2022 to the nearest measures prepared in accordance with IFRS.

	Unaudited Three Months Ended		
	June 30, 2023	June 30, 2022	March 31, 2023
	<i>(RMB in thousands)</i>		
Profit/(loss) for the period	4,688,619	(1,116,027)	3,358,491
Adjusted for:			
Share-based compensation expenses	2,450,640	2,357,747	1,936,848
Net losses/(gains) from investments ^{(Note (i))}	122,878	541,795	(113,490)
Impairment and expense provision	336,511	239,590	183,868
Amortisation of intangible assets resulting from acquisitions	42,793	117,940	117,779
Tax effects on non-IFRS adjustments	18,427	(83,272)	7,945
Adjusted net profit	7,659,868	2,057,773	5,491,441
Adjusted for:			
Income tax (credits)/expenses, except for tax effects on non-IFRS adjustments	(8,455)	78,209	466
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net profit	(353,698)	37,989	(2,431)
Finance income	(217,189)	(190,412)	(184,419)
Finance costs	354,003	418,612	353,479
Other gains, net not adjusted for adjusted net profit	(1,686,827)	(856,024)	(1,333,373)
Amortisation of software and others	17,062	16,920	13,846
Depreciation on property, plant and equipment	1,917,587	2,239,674	1,923,051
Adjusted EBITDA	7,682,351	3,802,741	6,262,060

Note (i) Mainly include fair value changes related to certain investments, gains or losses on disposal of investees or subsidiaries, dilution gains and certain share of profits or losses of investments accounted for using the equity method.

	Unaudited	
	Six Months Ended	
	June 30,	June 30,
	2023	2022
	<i>(RMB in thousands)</i>	
Profit/(loss) for the period	8,047,110	(6,818,593)
Adjusted for:		
Share-based compensation expenses	4,387,488	3,976,081
Net losses from investments	9,388	1,117,452
Impairment and expense provision	520,379	239,590
Amortisation of intangible assets resulting from acquisitions	160,572	235,620
Tax effects on non-IFRS adjustments	26,372	(278,629)
Adjusted net profit/(loss)	13,151,309	(1,528,479)
Adjusted for:		
Income tax (credits)/expenses, except for tax effects on non-IFRS adjustments	(7,989)	218,343
Share of (profits)/losses of investments accounted for using the equity method not adjusted for adjusted net profit/(loss)	(356,129)	64,915
Finance income	(401,608)	(300,771)
Finance costs	707,482	748,929
Other gains, net not adjusted for adjusted net profit/(loss)	(3,020,200)	(1,630,855)
Amortisation of software and others	30,908	31,274
Depreciation on property, plant and equipment	3,840,638	4,358,614
Adjusted EBITDA	13,944,411	1,961,970

Liquidity and Capital Resources

Historically, our demand for cash was principally funded by capital contribution from Shareholders and financing through issuance and sale of equity and debt securities. We held cash and cash equivalents of RMB27.0 billion and short-term treasury investments of RMB93.2 billion as of June 30, 2023.

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

	Unaudited Three Months Ended June 30, 2023	Unaudited Six Months Ended June 30, 2023
	<i>(RMB in thousands)</i>	
Net cash flows generated from operating activities	10,866,338	18,916,423
Net cash flows used in investing activities	(9,757,416)	(10,548,255)
Net cash flows used in financing activities	(1,131,180)	(1,697,222)
Net (decrease)/increase in cash and cash equivalents	(22,258)	6,670,946
Cash and cash equivalents at the beginning of the period	26,862,612	20,158,606
Exchange gains on cash and cash equivalents	162,684	173,486
Cash and cash equivalents at the end of the period	27,003,038	27,003,038

Net Cash Flows Generated from Operating Activities

Net cash flows generated from operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily consisted of our profit for the period, as adjusted by non-cash or one-off items and changes in working capital.

For the second quarter of 2023, net cash flows generated from operating activities was RMB10.9 billion, which was primarily attributable to our profit before income tax, as adjusted by (i) share-based compensation expenses, depreciation and amortisation and fair value changes and gains related to treasury investments and other investments, and (ii) the changes in working capital, which primarily consisted of increase in certain current liabilities driven by business recovery.

Net Cash Flows Used in Investing Activities

For the second quarter of 2023, net cash flows used in investing activities was RMB9.8 billion, which was mainly attributable to net cash flows used in purchase of treasury investments and property, plant and equipment, as well as some other investments.

Net Cash Flows Used in Financing Activities

For the second quarter of 2023, net cash flows used in financing activities was RMB1.1 billion, which was mainly attributable to the payments of lease liabilities and repayments of borrowings' principal and interest.

Gearing Ratio

As of June 30, 2023, our gearing ratio, calculated as total borrowings and notes payable divided by total equity attributable to equity holders of the Company, was approximately 38%.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six Months Ended	
		June 30, 2023	June 30, 2022
<i>(RMB in thousands)</i>			
Revenues	3	126,582,096	97,207,117
Including: Interest revenue		625,776	526,610
Cost of revenues	4	(81,366,666)	(70,892,402)
Gross profit		45,215,430	26,314,715
Selling and marketing expenses	4	(24,986,265)	(18,091,764)
Research and development expenses	4	(10,454,563)	(10,082,566)
General and administrative expenses	4	(4,134,001)	(4,815,841)
Net provisions for impairment losses on financial and contract assets		(450,611)	(203,753)
Fair value changes of other financial investments at fair value through profit or loss		267,790	(1,095,077)
Other gains, net	5	2,840,940	1,897,206
Operating profit/(loss)	3	8,298,720	(6,077,080)
Finance income		401,608	300,771
Finance costs		(707,482)	(748,929)
Share of profits/(losses) of investments accounted for using the equity method		72,647	(353,641)
Profit/(loss) before income tax		8,065,493	(6,878,879)
Income tax (expenses)/credits	7	(18,383)	60,286
Profit/(loss) for the period		8,047,110	(6,818,593)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		8,046,103	(6,819,008)
Non-controlling interests		1,007	415
		8,047,110	(6,818,593)
		RMB	RMB
Earnings/(loss) per share for profit/(loss) for the period attributable to the equity holders of the Company	6		
Basic earnings/(loss) per share		1.30	(1.11)
Diluted earnings/(loss) per share		1.21	(1.11)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six Months Ended	
	June 30,	June 30,
	2023	2022
	<i>(RMB in thousands)</i>	
Profit/(loss) for the period	8,047,110	(6,818,593)
Other comprehensive income, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income of investments accounted for using the equity method	4,835	2,609
Fair value changes of debt instruments at fair value through other comprehensive income	165,128	(182,274)
Net provisions for impairment losses on debt instruments at fair value through other comprehensive income	11,122	63,705
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	628,799	630,763
Share of other comprehensive income of investments accounted for using the equity method	36,438	60,968
Fair value changes of other financial investments at fair value through other comprehensive income	(224,750)	70,564
Other comprehensive income for the period	621,572	646,335
Total comprehensive income/(loss) for the period	8,668,682	(6,172,258)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the Company	8,667,675	(6,172,673)
Non-controlling interests	1,007	415
	8,668,682	(6,172,258)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As of June 30, 2023	Audited As of December 31, 2022
Note		<i>(RMB in thousands)</i>	
ASSETS			
Non-current assets			
		21,918,108	22,201,259
		30,487,727	30,642,975
		1,642,556	1,497,106
		17,673,506	8,114,058
		17,073,170	15,073,013
		17,159,771	16,582,381
		2,531,801	2,321,865
		4,426,923	4,903,068
		112,913,562	101,335,725
Current assets			
		1,231,329	1,162,765
	8	2,432,368	2,052,731
		14,366,034	13,292,494
		93,188,894	91,873,270
		14,870,796	14,605,601
		27,003,038	20,158,606
		153,092,459	143,145,467
		266,006,021	244,481,192
EQUITY			
		418	415
		322,814,564	316,743,344
		(1)	–
		698,423	1,484,187
		(181,420,233)	(189,466,336)
		142,093,171	128,761,610
		(54,886)	(55,893)
		142,038,285	128,705,717

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

	Note	Unaudited As of June 30, 2023	Audited As of December 31, 2022
<i>(RMB in thousands)</i>			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		886,292	846,103
Financial liabilities at fair value through profit or loss		378,720	100,000
Borrowings		275,450	1,548,967
Notes payable		35,087,533	33,607,372
Lease liabilities		2,927,703	3,203,163
Other non-current liabilities		31,222	39,773
		<u>39,586,920</u>	<u>39,345,378</u>
Current liabilities			
Trade payables	9	18,455,867	17,379,302
Payables to merchants		16,826,275	12,432,342
Advances from transacting users		6,652,801	5,081,178
Other payables and accruals		16,240,124	16,655,307
Borrowings		18,591,787	17,562,145
Deferred revenues		5,476,369	5,053,375
Lease liabilities		2,102,205	2,165,978
Income tax liabilities		35,388	100,470
		<u>84,380,816</u>	<u>76,430,097</u>
Total liabilities		<u>123,967,736</u>	<u>115,775,475</u>
Total equity and liabilities		<u>266,006,021</u>	<u>244,481,192</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six Months Ended June 30,	
	2023	2022
	<i>(RMB in thousands)</i>	
Net cash flows generated from/(used in) operating activities	18,916,423	(2,044,865)
Net cash flows used in investing activities	(10,548,255)	(7,446,679)
Net cash flows (used in)/generated from financing activities	(1,697,222)	2,058,056
Net increase/(decrease) in cash and cash equivalents	6,670,946	(7,433,488)
Cash and cash equivalents at the beginning of the period	20,158,606	32,513,428
Exchange gains on cash and cash equivalents	173,486	457,066
Cash and cash equivalents at the end of the period	27,003,038	25,537,006

NOTES TO THE FINANCIAL INFORMATION

1 General information, basis of preparation and presentation

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

The Company is an investment holding company. The Company and its domestic subsidiaries offers diversified daily goods and services in the broader retail by leveraging technology.

The condensed financial information of our Company has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board and should be read in conjunction with the annual consolidated financial statement of the Company for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards, as set out in the 2022 annual report of our Company dated March 24, 2023 (the "**2022 Financial Statements**"). The interim condensed financial information is presented in Renminbi ("**RMB**"), unless otherwise stated.

2 Changes in accounting policies and disclosures

The Company has applied the following new standards and amendments for the first time commencing January 1, 2023:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12 (Note (i))	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

Note (i) The Company applied Amendments to IAS 12 from the effective date on January 1, 2023. In accordance with the amendments, the Company recognised deferred tax related to assets and liabilities arising from a single transaction of leases that gave rise to equal taxable and deductible temporary differences on the initial recognition of leases that occurred on or after the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest comparative period presented being January 1, 2022, an adjustment of RMB902 million was recognised to the gross amounts of deferred tax assets and deferred tax liabilities simultaneously, and the resulting deferred tax assets and deferred tax liabilities were set off and presented on a net basis on the condensed consolidated statement of financial position. Applying the amendments mentioned above, there was nil impact on the opening balance of accumulated losses for the reporting periods presented.

The adoption of the other new standards and amendments did not have any significant financial impact on these condensed consolidated financial statements.

The following new amendments have been issued, but are not effective for the Company's financial year beginning on January 1, 2023 and have not been early adopted by the Company.

		Effective for financial year beginning on or after
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

The Company is in the process of assessing potential impact of the above new amendments that is relevant to the Company upon initial application. According to the preliminary assessment, the above new amendments are not expected to have any significant impact on the Company's condensed financial positions and results of operations. The management of the Company plans to adopt these new amendments when they become effective.

3 Segment information

The segment information provided to our chief operating decision makers for the reportable segments for the relevant periods is as follows:

	Unaudited Six Months Ended June 30, 2023			Total
	Core local commerce	New initiatives	Unallocated items (Note (ii))	
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	37,280,261	–	–	37,280,261
Commission	34,217,481	938,049	–	35,155,530
Online marketing services	17,990,214	99,780	–	18,089,994
Other services and sales (including interest revenue)	4,597,326	31,458,985	–	36,056,311
Total revenues	94,085,282	32,496,814	–	126,582,096
Cost of revenues, operating expenses and unallocated items	(73,501,691)	(42,718,630)	(2,063,055)	(118,283,376)
Operating profit/(loss)	20,583,591	(10,221,816)	(2,063,055)	8,298,720
	Unaudited Six Months Ended June 30, 2022			
	Core local commerce	New initiatives	Unallocated items	Total
	<i>(RMB in thousands)</i>			
Revenues:				
Delivery services	30,183,979	–	–	30,183,979
Commission	24,427,225	665,677	–	25,092,902
Online marketing services	14,300,720	34,849	–	14,335,569
Other services and sales (including interest revenue)	2,046,905	25,547,762	–	27,594,667
Total revenues	70,958,829	26,248,288	–	97,207,117
Cost of revenues, operating expenses and unallocated items	(57,992,695)	(41,491,118)	(3,800,384)	(103,284,197)
Operating (loss)/profit	12,966,134	(15,242,830)	(3,800,384)	(6,077,080)

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

4 Expenses by nature

	Unaudited	
	Six Months Ended June 30,	
	2023	2022
	<i>(RMB in thousands)</i>	
Delivery related costs	40,305,534	35,416,474
Employee benefits expenses	20,724,480	20,458,424
Transaction costs (Note (iii))	18,023,151	14,577,218
Promotion, advertising and user incentives	14,899,067	8,637,292
Other outsourcing costs	12,448,143	10,391,639
Depreciation of property, plant and equipment	3,840,638	4,358,614
Amortisation of intangible assets	191,480	266,894
Auditor's remuneration		
– Audit and audit-related services	16,957	16,560
– Non-audit services	1,072	5,123

Note (iii) Transaction costs consist of cost of inventories sold and certain costs for services rendered.

5 Other gains, net

	Unaudited	
	Six Months Ended June 30,	
	2023	2022
	<i>(RMB in thousands)</i>	
Fair value changes and gains from treasury investments	2,042,838	690,740
Subsidies and tax preference	834,067	753,373
Foreign exchange gains, net	99,720	248,953
Others	(135,685)	204,140
	2,840,940	1,897,206

6 Earnings/(loss) per share

- (a) Basic earnings/(loss) per share for the six months ended June 30, 2023 and 2022 were calculated by dividing the profit/(loss) attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the reporting period.

	Unaudited	
	Six Months Ended June 30,	
	2023	2022
Profit/(loss) for the period attributable to the equity holders of the Company (RMB'000)	8,046,103	(6,819,008)
Weighted average number of ordinary shares outstanding (thousands)	6,193,279	6,136,974
Basic earnings/(loss) per share (RMB)	1.30	(1.11)

- (b) The Company has three categories of dilutive potential ordinary shares: share options, RSUs and convertible bonds. Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares (denominator) outstanding to assume conversion of all potential dilutive ordinary shares arising from share options and RSUs granted by the Company. As the inclusion of potential ordinary shares from the convertible bonds would be anti-dilutive, it is not included in the calculation of diluted earnings/(loss) per share. In addition, profit/(loss) for the period attributable to the equity holders of the Company (numerator) has been adjusted by all the dilutive effects.

	Unaudited	
	Six Months Ended June 30,	
	2023	2022
Profit/(loss) for the period attributable to the equity holders of the Company used as the numerator in calculating diluted earnings/(loss) per share (RMB'000)	<u>7,573,763</u>	<u>(6,819,008)</u>
Weighted average number of ordinary shares outstanding (thousands)	6,193,279	6,136,974
Adjustments for the dilutive impact of share options and RSUs (thousands)	<u>85,019</u>	<u>—</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share (thousands)	<u>6,278,298</u>	<u>6,136,974</u>
Diluted earnings/(loss) per share (RMB)	<u>1.21</u>	<u>(1.11)</u>

7 Income tax (expenses)/credits

The following table sets forth our income tax (expenses)/credits for the periods indicated:

	Unaudited	
	Six Months Ended June 30,	
	2023	2022
	<i>(RMB in thousands)</i>	
Current income tax expenses	(110,941)	(130,351)
Deferred income tax credits	<u>92,558</u>	<u>190,637</u>
	<u>(18,383)</u>	<u>60,286</u>

8 Trade receivables

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

	Unaudited	Audited
	As of	As of
	June 30,	December 31,
	2023	2022
	<i>(RMB in thousands)</i>	
Trade receivables	2,767,181	2,367,957
Less: allowance for impairment	<u>(334,813)</u>	<u>(315,226)</u>
	<u>2,432,368</u>	<u>2,052,731</u>

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

	Unaudited As of June 30, 2023	Audited As of December 31, 2022
	<i>(RMB in thousands)</i>	
Trade receivables		
Within 3 months	2,253,636	1,867,157
3 to 6 months	131,421	142,353
6 months to 1 year	40,054	33,060
Over 1 year	7,257	10,161
	<u>2,432,368</u>	<u>2,052,731</u>

9 Trade payables

Trade payables represent liabilities for inventories sold and services provided to us prior to the end of reporting period which are unpaid. As of June 30, 2023 and December 31, 2022, the aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As of June 30, 2023	Audited As of December 31, 2022
	<i>(RMB in thousands)</i>	
Trade payables		
Within 3 months	18,018,339	16,960,247
3 to 6 months	177,080	221,416
6 months to 1 year	133,409	87,595
Over 1 year	127,039	110,044
	<u>18,455,867</u>	<u>17,379,302</u>

10 Dividends

No dividends have been paid or declared by the Company during the six months ended June 30, 2023 and the year ended December 31, 2022.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended June 30, 2023.

Audit Committee

The Audit Committee has reviewed the Company's unaudited interim condensed financial information for the three and six months ended June 30, 2023. It meets regularly with the management, the external auditor and the internal audit personnel to discuss the accounting principles and practices adopted by the Company and internal control and financial reporting matters.

Auditor's Procedures Performed on the Results Announcement

The auditor has reviewed the Company's unaudited interim condensed financial information for the six months ended June 30, 2023 in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board.

Events After the Reporting Period

Reference is made to the announcement of the Company dated June 29, 2023 in relation to the acquisitions of Light Year. In August 2023, the said acquisitions have been completed, upon which, approximately RMB1,675 million (equivalent to approximately US\$234 million) consideration have been paid and a total of approximately RMB1,675 million identifiable net assets (arrived after taking into account the cash position of approximately US\$286 million offset by the Assumed Liabilities of approximately RMB367 million) have been acquired.

Save as aforesaid, there were no other significant events that might affect the Company since June 30, 2023.

Compliance with the Corporate Governance Code

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

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

Save for code provision C.2.1, the Company has complied with all the code provisions as set out in the CG Code where applicable during the six months ended June 30, 2023. Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have separate chairman and chief executive officer and Mr. Wang Xing currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time by taking into account the circumstances of the Company as a whole.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the six months ended June 30, 2023.

Publication of the Interim Results and Interim Report

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

APPRECIATION

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

By Order of the Board
Meituan
Wang Xing
Chairman

Hong Kong, August 24, 2023

As at the date of this announcement, the Board of the Company comprises Mr. Wang Xing as chairman and executive Director, Mr. Mu Rongjun as executive Director, Mr. Neil Nanpeng Shen as non-executive Director, and Mr. Orr Gordon Robert Halyburton, Mr. Leng Xuesong, Dr. Shum Heung Yeung Harry and Ms. Marjorie Mun Tak Yang as independent non-executive Directors.

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

DEFINITIONS

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

Term	Definition
“Articles” or “Articles of Association”	the seventh amended and restated articles of association of the Company adopted by special resolution passed on June 30, 2023
“Assumed Liabilities”	the outstanding principal amount payable by Domestic Light Year to certain bondholders
“Audit Committee”	the audit committee of the Board
“Auditor”	PricewaterhouseCoopers, the external auditor of the Company
“Board”	the Board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Class A Shares”	Class A ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Shares”	Class B ordinary shares of the share capital of the Company with a par value of US\$0.00001 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Meituan (美团) (formerly known as Meituan Dianping (美团点评)), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 25, 2015, or Meituan (美团) and its subsidiaries and Consolidated Affiliated Entities, as the case may be
“Consolidated Affiliated Entities”	the entities we control through contractual arrangements (each a “Consolidated Affiliated Entity”)
“Director(s)”	the director(s) of the Company
“Domestic Light Year”	Beijing Guangnianzhiwai Technology Co., Ltd.* (北京光年之外科技有限公司), a limited liability company incorporated under the laws of the PRC
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Light Year”	collectively, (i) Light Year AI Limited, a company incorporated in the Cayman Islands; and (ii) Domestic Light Year
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being (i) any amendment to the Memorandum and Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company, as the context so requires

* For identification purpose only

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

GLOSSARY

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