Meitu, Inc.
美图公司

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

(Stock Code: 1357)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024 AND PAYMENT OF FINAL DIVIDEND OUT OF SHARE PREMIUM ACCOUNT

The board of directors (the "**Board**") of Meitu, Inc. (the "**Company**") is pleased to announce the audited consolidated results of the Company, its subsidiaries, Xiamen Meitu Networks Technology Co., Ltd. ("**Meitu Networks**") and Xiamen MeituEve Networks Services Co., Ltd. ("**MeituEve Networks**") and their respective subsidiaries (collectively the "**Group**") for the year ended December 31, 2024.

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

KEY HIGHLIGHTS

- In 2024, Net Profit* and Adjusted Net Profit* increased by 112.8% and 59.2% YoY, respectively. Overall gross margin continued to improve mainly due to the increasing contribution of the high-margin "Photo, video, and design products" business to total revenue. Although we continued to increase investment in AI and R&D, the rise in overall expenses was far lower than the growth in gross profit, building operational leverage and driving continuous profit growth.

- MAU reached approximately 266 million in December 2024, representing 6.7% YoY growth. This marks an acceleration from the 4.3% YoY growth recorded in June 2024, thanks to the effective execution of our globalisation strategy. MAU from the markets outside of Mainland China grew by 21.7% YoY to 94.51 million, accounting for 35.6% of the total MAU.

- Our massive MAU base in the photo and video industry has brought us numerous advantages including strong channel distribution capabilities, scalable R&D and operational capabilities, as well as the ability to quickly identify and validate user needs. These advantages have been of great help to the success of our new products and the global growth of our existing products.

- In terms of productivity tools, revenue from *DesignKit* driven by AI amounted to approximately RMB200 million in 2024, doubling revenue size YoY. Last year, we also launched commercial photography and design product and talking head video product for markets outside of Mainland China to seize opportunities emerging in the global productivity tools market.

* *Attributable to Owners of the Company*

KEY FINANCIAL DATA

	Year ended December 31		Year-on-year ("**YoY**")
	2024	2023	change
	RMB'000	*RMB'000*	*(%)*
Revenue	**3,340,761**	2,695,738	23.9%
– Photo, video and design products	**2,085,616**	1,327,384	57.1%
– Solutions for beauty industry	**384,574**	569,158	-32.4%
– Advertising	**853,467**	758,790	12.5%
– Others	**17,104**	40,406	-57.7%
Gross Profit	**2,294,211**	1,655,876	38.5%
Gross Margin	**68.7%**	61.4%	7.2p.p.
Profit for the year	**806,160**	366,418	120.0%
Adjusted Net Profit attributable to Owners of the Company[1]	**586,167**	368,297	59.2%

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

KEY OPERATIONAL DATA

	As of December		
	2024	2023	YoY change
	'000	*'000*	*(%)*
Total MAU	**265,825**	249,155	6.7%
Breakdown by application use case:			
– Products for leisure[1]	**243,637**	231,493	5.2%
– Productivity tools[2]	**22,188**	17,662	25.6%
Breakdown by geography:			
– Mainland China	**171,320**	171,474	-0.1%
– Countries and regions outside of Mainland China	**94,505**	77,681	21.7%

(1) "Life" has been renamed to "Products for leisure" without any other change and refers to users from products focusing on casual use cases such as photography, image and video editing, etc.

(2) "Productivity" has been renamed to "Productivity tools" without any other change and refers to users from products focusing on productivity use cases such as commercial photography, commercial design, professional video editing, etc.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report to our shareholders that in 2024, the Net Profit attributable to the Owners of the Company increased by 112.8% YoY to approximately RMB805 million and the Adjusted Net Profit attributable to Owners of the Company increased by 59.2% YoY to approximately RMB586 million, respectively. Driven by the integration of artificial intelligence ("**AI**") technologies with our products, revenue grew 23.9% YoY to RMB3.341 billion. The sustained improvement in the Company's overall gross profit margin was primarily driven by the rapid revenue growth and expanding contribution to total revenue from our high-margin business of Photo, video and design products. Notably, while the Company continues to increase investments in AI and Research and Development ("**R&D**"), the growth rate of total expenses remained significantly lower than the growth rate in gross profit. This operational leverage effect has been effectively harnessed to drive profit expansion.

As of December 2024, our monthly active users ("**MAU**") reached approximately 266 million, reflecting 6.7% YoY growth. This represents an acceleration compared to the 4.3% YoY growth rate recorded in June 2024. As of December 31, 2024, our product portfolio had exceeded 12.61 million paying subscribers, with the subscription rate steadily increasing to 4.7%.

These operational metrics not only demonstrate the continued appeal of our products to users but also underscore the significant effectiveness of our efforts to drive user monetization under the subscription-based business model.

Amid the rapid development of mobile internet, Meitu has cultivated a massive and highly valuable photo and video user base. This represents a unique and unreplicable opportunity bestowed by the era, serving as the cornerstone for our future high-speed growth.

First and foremost, product strength remains the decisive factor in the photo and video tools sector. Our substantial user scale enables us to invest in R&D on a larger scale. Each of our successful innovation reaches broader users than industry peers could achieve, generating superior commercial returns that fuel reinvestment in ultimate user experience enhancement. Moreover, scaled R&D empowers us to develop a more diversified feature suite addressing granular demands across scenarios – from photo retouching to portrait beautification – thereby strengthening user stickiness and payment conversion rates. Even when competitors temporarily acquire users through single-feature advantages, users are ultimately attracted by our comprehensive functions ecosystem and unparalleled technological effects.

Moreover, large-scale investment in R&D, especially in engineering infrastructure and mid-platform development, allows us to continuously shorten the product development cycle and transform cutting-edge photo and video and AI technologies into more innovative features and functionalities, such as "*AI Squish*", "*AI Hair*", and "*AI Wardrobe*". Looking ahead, we will uphold our mission to "Unite art and technology elegantly", continuously invest in photo and video R&D, strengthen our engineering capabilities, and strive to achieve world-class effects in vertical scenarios.

Secondly, the large user base of photo and video products not only provides us with a unique channel advantage but also enables us to build a precise demand discovery system. Through the collaboration of our product matrix, we achieve low-cost cold starts for new products and significantly increase their success rate. A typical example is the AI video editing tool, *Wink*: its prototype originated from the video beautification module of *the Meitu app*. After capturing the trend of rapidly increasing user demand for AI video editing, we launched this product independently in March 2022. Leveraging internal traffic synergy, *Wink* achieved a leap from 0 to approximately 30 million MAU within just two years.

Lastly, from an operational perspective, the advantage of our large user base not only translates into bargaining power within the industry chain (such as computing power leasing, channel promotion, etc.) to optimize operational costs but also provides us with the ability to replicate popular features across countries. For instance, in December 2024, after the "*AI hairstyle*" feature of *the Meitu app* gained immense popularity in Indonesia, we quickly rolled out our operational strategy across Southeast Asia. This helped the product reach the top of the iOS App Store category charts in Vietnam within seven days in December, with its highest overall ranking being third.

Under the strategic direction of "Productivity and Globalisation", we achieved significant breakthroughs in 2024:

Regarding globalisation, as of December 2024, MAU from the markets outside of Mainland China grew by 22% YoY to 94.51 million, accounting for 36% of the total MAU. In our exploration of globalisation, we gradually developed a growth strategy combining Product-Led Growth (PLG) with social media amplification. On the product side, leveraging a global perspective, we carried out more localized product development to cater to the diverse needs of different countries and regions. Meanwhile, AI technology enhanced feature effectiveness and expanded innovation opportunities. On the operational side, we used social media strategies like influencer marketing to amplify the product's reach. A typical success story is *BeautyCam*: it launched the "*AI Wardrobe"* feature in February 2025, and has reached over 72 million MAU worldwide and topped the iOS App Store overall rankings in 12 countries and regions, including Singapore, Thailand, and Vietnam.

In terms of our productivity strategy, we believe that the development of AI not only accelerates the penetration of productivity tools into traditional workflows but also lowers the barriers to creation, generating new value increments. We focus on the demand pain points of vertical scenarios, encapsulating model capabilities into products and balancing controllability and ease of use to enhance product strength. For example, the "*AI product image*" feature of *DesignKit* does not merely provide image generation capabilities; instead, it is tailored for vertical e-commerce scenarios such as home goods, jewelry, and digital products, generating images that blend design aesthetics and sales conversion potential.

As Meitu's third growth curve looking towards the future, productivity tools have made considerable progress over the past year. As of December 31, 2024, the number of paying subscribers of AI-driven *DesignKit* reached 1.13 million (as of December 31, 2023: approximately 870,000), with product revenue doubling YoY in 2024. Additionally, *Kaipai*, focused on talking head video, exceeded expectations with its MAU surpassing one million as of December 2024. Compared to the markets of Mainland China, global users show a stronger willingness to pay for productivity tools and have more rigid payment demands. In 2024, we launched commercial photography design and talking head video products for markets outside of Mainland China and established localized teams in regions such as the West Coast of the United States and Sydney. We anticipate that the global productivity market will become the most crucial engine driving long-term performance growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2024 compared to year ended December 31, 2023

	Year ended December 31	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**3,340,761**	2,695,738
Cost of sales	**(1,046,550)**	(1,039,862)
Gross profit	**2,294,211**	1,655,876
Selling and marketing expenses	**(483,400)**	(428,188)
Administrative expenses	**(399,889)**	(300,915)
Research and development expenses	**(910,703)**	(635,484)
Net impairment losses on financial assets	**(2,751)**	(18,852)
Other income	**23,618**	68,642
Other losses, net	**(364,785)**	(41,106)
Reversal of impairment losses and disposal gains on cryptocurrencies	**639,556**	268,069
Impairment losses on intangible assets	**–**	(155,266)
Finance income, net	**50,664**	44,366
Shares of losses of investments accounted for using the equity method	**(23,668)**	(19,057)
Profit before income tax	**822,853**	438,085
Income tax expense	**(16,693)**	(71,667)
Profit for the year	**806,160**	366,418
Profit/(Loss) attributable to:		
– Owners of the Company	**805,176**	378,293
– Non-controlling interests	**984**	(11,875)
Non-IFRSs measure:		
Adjusted Net Profit/(Loss) attributable to		
– Owners of the Company[(1)]	**586,167**	368,297
– Non-controlling interests	**2,354**	(13,364)
	588,521	354,933

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

Revenue

Centring on the core strategies of "Productivity and Globalisation", we focus on the photo and video industry to provide our numerous individual customers and business users with a series of products and services. In respect of the photo and video products, we generate revenue mainly through offering subscription and in-app purchase. In addition, we can also generate revenue through advertising and marketing within photo and video applications. Meanwhile, we also engage in beauty industry services, which generate revenue through skin analysis services as well as Enterprise Resource Planning ("**ERP**") solutions and cosmetic supply chain management services for cosmetic retail outlets. Therefore, our revenue can be categorized into (i) Photo, video and design products; (ii) Solutions for beauty industry; (iii) Advertising; and (iv) Others.

The following table presents our revenue lines and each line as percentages of our total revenues for the periods presented. For the year ended December 31, 2024, our total revenue increased by 23.9% to RMB3,340.8 million from RMB2,695.7 million for the year ended December 31, 2023. Such increase was primarily attributable to the deployment of AI technologies, which have been empowering our products, encouraging user payments and driving the rapid growth of revenue from subscription-based Photo, video and design products.

	Year ended December 31			
	2024		2023	
	Amount *RMB'000*	**% of total revenues**	Amount *RMB'000*	% of total revenues
Photo, video and design products	**2,085,616**	**62.4%**	1,327,384	49.2%
Solutions for beauty industry	**384,574**	**11.5%**	569,158	21.1%
Advertising	**853,467**	**25.5%**	758,790	28.2%
Others	**17,104**	**0.5%**	40,406	1.5%
Total	**3,340,761**	**100%**	2,695,738	100%

Photo, video and design products

Our Photo, video and design products segment maintained strong growth momentum, with revenue increasing by 57.1% YoY to RMB2,085.6 million for the year ended December 31, 2024 (year ended December 31, 2023: revenue of RMB1,327.4 million). The growth in revenue scale was primarily driven by growth in paying subscribers of this business segment. As of December 31, 2024, the number of paying subscribers of our products reached 12.61 million, representing a YoY increase of 38.4%, with a subscription rate of 4.7%.

In the past year, the sustained fast growth in paying subscribers reflects our success in developing powerful Photo, video and design products with strong features to attract users to pay. Our unique product developing philosophy for Photo, video and design products centers on uniting art and technology elegantly, devoting to provide products with ultimate-performance for vertical use cases. We can always maintain a profound insight into users' aesthetic needs and the forefront trend of photo and video development. Meanwhile, we continued driving product effects through AI technology. We have consistently launched high-quality photo and video editing features that cater to users' pursuit for advanced visual design and high-quality photo retouch effects. For example, AI-powered features such as the "*Clay*" filter, "*Meme Effects*" and "*AI Wardrobe*" had gone viral on social media since 2024, driving growth of paying subscribers and validating our art-tech fusion capabilities in creating quality products.

Except for product ideation, our unique growth strategy also enabled us to build successful products. Leveraging on our massive MAU base, we continued to identify and validate emerging needs, developed high-potential products accordingly, and rapidly validated their feasibility through quick launch, followed by continuous iteration to drive the rapid growth of these new potential products, thereby contributing to overall user growth. A prime example is the AI video editing app *Wink* originating from the video beautification module of *the Meitu app*. After validating user demand through the established *Meitu app*, we officially launched the video editing tool *Wink* in 2022. Through continuous iterations after the quick launch, *Wink*'s MAU has surpassed 30 million by the end of December 2024, making it the third-largest application in the Company's product portfolio, following *the Meitu app* and *BeautyCam*.

Based on our unique product developing philosophy and growth strategy, we continued to effectively implement the "Productivity and Globalisation" strategy:

In terms of the globalisation, as of December 31, 2024, MAU of markets outside of Mainland China grew 22% YoY to 94.51 million. In the exploration of globalisation, we have gradually developed a more effective growth method. On the product front, AI-driven innovation enables us to launch products with extremely strong effects and creativity. On the operation front, we applied KOL marketing to amplify product visibility, achieving broader user penetration. For example, at the beginning of 2025, a recent success is the "*AI Wardrobe*" feature in *BeautyCam*. This feature provides users with realistic and aesthetically pleasing virtual outfit changes effects, quickly generated organic word-of-mouth among Thai users. The team identified this feature's tremendous potential and promptly promoted it through collaborations with KOLs on social media. This ultimately propelled *BeautyCam* to the top of the iOS App Store's overall rankings in terms of MAU in 12 countries and regions, including Singapore, Malaysia, Thailand, and Vietnam and others. Additionally, it reached the top of the "Photography & Video" category on Google Play in 17 countries, including the United States, United Kingdom, and South Korea and others. We anticipate that through effective collaboration between strong product and promotion, we will be able to consistently launch globally scalable features to drive user growth across global markets.

In terms of the productivity tools, we observe substantial global market potential for photo and video related productivity tools, particularly in some countries where users exhibit strong willingness to pay for such tools. Currently, revenue scale from companies that focus on visual-related productivity tools is significantly bigger than those focusing on products for leisure. Last year, we also launched our commercial photography and design product and talking head video product for markets outside of Mainland China.

In fact, our productivity tools have achieved remarkable results over the past year. As of December 31, 2024, online design tool *DesignKit* achieved annual revenue of approximately RMB200 million, doubling revenue size YoY. Additionally, talking head video production tool *Kaipai* has also performed beyond expectations. In terms of user amount, it has now become the number one application for "talking head video production" in Mainland China.

These achievements and the valuable experience we have accumulated make us confident about expanding our productivity tools in the global market.

Solutions for beauty industry

For the year ended December 31, 2024, revenue from solutions for beauty industry decreased by 32.4% YoY to RMB384.6 million (year ended December 31, 2023: revenue of RMB569.2 million). Given the performance of this business in the past year, we will be more cautious in our future revenue growth expectations for this business. However, as it is a non-core strategic business, coupled with a very low gross profit margin, it will not have a significant impact on the Group's net profit even if it grows slowly in the future.

Advertising

Our advertising business continued its growth trend. For the year ended December 31, 2024, revenue from advertising increased by 12.5% YoY to RMB853.5 million (year ended December 31, 2023: revenue of RMB758.8 million). In terms of the type of advertisement, our programmatic advertisement performed particularly well, with a revenue growth rate of 35% YoY. Such growth was mainly attributable to our optimization of programmatic advertising operations. For example, we upgraded our advertising bidding systems to enable more advertisers to bid in real time, which enhanced the unit price of our advertising bidding. We also optimized our advertising quality and placement precision to increase the click-through rate of our advertisements, which in turn drove the growth of our revenue from advertising.

Others

For the year ended December 31, 2024, other revenue from the Group decreased by 57.7% YoY to RMB17.1 million (year ended December 31, 2023: revenue of RMB40.41 million). Other businesses are mainly traditional businesses that are not related to the strategy of "Productivity and Globalisation".

Cost of sales

For the year ended December 31, 2024, our costs of sales increased to RMB1.0466 billion, representing an increase of 0.6% from RMB1.0399 billion for the year ended December 31, 2023, remaining largely stable. Specifically:

The largest cost was revenue sharing fee to payment channels, which grew by 46.4% YoY to approximately RMB430 million. This portion of cost mainly arose from the revenue sharing fee to payment channels such as Apple and Google for our subscription business, which increased in line with the growth of the number of global paying subscribers.

The second largest cost was inventory goods, which decreased by 35.4% YoY to approximately RMB331 million. This cost was mainly related to solutions for beauty industry. In 2024, we did not pursue an expansion of the revenue scale of solutions for beauty industry but focused on selling products with higher gross margins instead. As a result, the revenue of this business decreased, leading to a reduction in related costs.

The third largest cost was computing power and cloud-related costs, which increased by 25.3% YoY to approximately RMB200 million, nearly half of which was attributable to inference-related computing power costs.

Gross Profit and Margin

Our gross profit for the year ended December 31, 2024 was RMB2,294.2 million, a 38.5% increase from RMB1,655.9 million for the year ended December 31, 2023. Our gross margin increased to 68.7% for the year ended December 31, 2024, from 61.4% for the same period last year, due to the high gross margin of our Photo, video and design products, coupled with their continuously increasing proportion in total revenue, driving a dual YoY increase in both the Group's overall gross profit and gross margin.

Research and Development Expenses

Research and development expenses were RMB910.7 million for the year ended December 31, 2024, representing a 43.3% increase from RMB635.5 million for the same period last year, mainly due to increased expenses related to Generative AI training (particularly the large vision model training). Last year, the training costs for large vision models were approximately RMB140 million. In addition, the increase in research and development expenses were also related to a significant rise in personnel salaries. Specifically, the increase in the number of employees engaged in product research and development led to a substantial YoY increase in research and development salaries compared to that of 2023. In the long term, this initiative is expected to enhance the Company's competitiveness in the core vision field.

Selling and Marketing Expenses

Selling and marketing expenses were RMB483.4 million for the year ended December 31, 2024, representing a 12.9% increase from RMB428.2 million for the year ended December 31, 2023, mainly due to the YoY rise in promotion expenses for Photo, video and design products in the global markets. The increase in international market promotion was primarily for products for leisure, while the growth in market promotion for the markets of Mainland China was mainly for the promotion of productivity tools.

Administrative Expenses

Administrative expenses were RMB399.9 million for the year ended December 31, 2024, representing a 32.9% increase from RMB300.9 million for the same period last year. This was mainly due to the higher personnel costs resulting from the acquisition of Zcool Network Group (as defined below), as well as increased amortization and depreciation and rental expenses due to the relocation to a new building and a new office.

Reversal of impairment losses and disposal gains on cryptocurrencies

In accordance with the relevant accounting standards under IFRSs, the Group accounts for the acquired cryptocurrencies as intangible assets and adopts the cost model for the measurement.

The Group purchased an aggregate of approximately 31,000 units of Ether and 940 units of Bitcoin pursuant to the cryptocurrency investment plan in March and April 2021, respectively at an aggregate cash consideration of US$50.5 million and US$49.5 million, respectively. Cryptocurrencies purchased and held by the Group had been assessed based on each type of cryptocurrencies for impairment testing. The Group carried out impairment tests for Ethers and Bitcoins, separately. Based on impairment tests by comparing the recoverable amounts of cryptocurrencies to their carrying amounts, a reversal of impairment losses on the acquired cryptocurrencies of RMB68.1 million was recognized during the year ended December 31, 2024, which was the reversal of impairment losses in relation to the Bitcoins acquired by the Group. As of December 4, 2024, the Group had disposed of a total of approximately 31,000 units of Ether and 940 units of Bitcoin at an aggregate cash consideration of approximately US$100 million and US$80 million, respectively, resulting in a gain on disposal of US$79.63 million (equivalent to approximately RMB571 million).

Further details of the disposal of cryptocurrencies are set out in the announcement of the Company dated December 4, 2024 and the section headed "Management Discussion and Analysis – Significant Investments Held" of this announcement.

Other Income

Other income for the year ended December 31, 2024 decreased to RMB23.62 million from RMB68.64 million for the year ended December 31, 2023, primarily due to a decrease in government grants.

Other Losses, Net

Other losses, net were RMB364.8 million for the year ended December 31, 2024, compared to a net loss of RMB41.1 million for the year ended December 31, 2023, primarily attributable to (i) a RMB316.7 million decrease in fair value of the Group's financial assets at fair value through profit or loss; (ii) impairment provisions of RMB35.2 million due to investments in associates and joint ventures; (iii) a RMB26.8 million increase in fair value of the Group's convertible redeemable preferred shares.

Finance Income, Net

Finance income, net mainly comprised of bank interest income and foreign exchange gains. Our finance income, net increased by 14.2% to RMB50.66 million for the year ended December 31, 2024, from RMB44.37 million for the year ended December 31, 2023, primarily due to the increase in foreign exchange gains and bank interest income.

Income Tax Expense

Income tax expenses for the year ended December 31, 2024 were RMB16.69 million, compared to RMB71.67 million for the year ended December 31, 2023, mainly due to the reversal of deferred tax liabilities recognized in previous years resulting from the fair value changes of the Group's investments.

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

Net profit for the year ended December 31, 2024 increased to RMB806.2 million from RMB366.4 million for the year ended December 31, 2023, primarily due to: (i) the incremental profit contribution from the core business. Under the empowerment of AI technology, the strong growth momentum in the revenue of our Photo, video and design products business, which has relatively high gross margins, with the operating expense growth remaining below the gross profit growth, contributed to the profit growth; and (ii) positive influence from the comprehensive changes resulting from a significant one-off gain brought by the disposal of cryptocurrencies, which was partially offset by changes in the fair value of the Group's long-term investments.

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

Adjusted Net Profit attributable to Owners of the Company was RMB586.2 million for the year ended December 31, 2024, compared to RMB368.3 million for the year ended December 31, 2023, primarily driven by the revenue growth in our high-margin core business of Photo, video and design products powered by AI technologies, while the operating expense growth remained below the gross profit growth, which contributed to the profit growth. From the fourth quarter of 2019, we started to make a positive Adjusted Net Profit attributable to Owners of the Company for consecutive fiscal reporting periods.

The following table reconciles our Adjusted Net Profit/(Loss) for the year ended December 31, 2024 and 2023 to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended December 31					
		2024			2023	
	Total *RMB'000*	**Owners of the Company** *RMB'000*	**Non-controlling interests** *RMB'000*	Total *RMB'000*	Owners of the Company *RMB'000*	Non-controlling interests *RMB'000*
Profit/(Loss) for the year	**806,160**	**805,176**	**984**	366,418	378,293	(11,875)
Excluding:						
Share-based compensation	**84,290**	**84,290**	**–**	51,079	53,935	(2,856)
Fair value fluctuations of financial assets at fair value through profit or loss and convertible redeemable preferred shares	**343,424**	**343,424**	**–**	72,652	72,652	–
Remeasurement losses on consideration payable to non-controlling shareholders of a subsidiary	**–**	**–**	**–**	40,970	40,970	–
Amortization of intangible assets and other expenses related to acquisition	**9,835**	**8,221**	**1,614**	13,844	12,235	1,609
Reversal of impairment losses and disposal gains on cryptocurrencies	**(639,556)**	**(639,556)**	**–**	(268,069)	(268,069)	–
Impairment losses on intangible assets	**–**	**–**	**–**	155,266	155,266	–
Losses on disposal of financial assets at fair value through profit or loss	**13,012**	**13,012**	**–**	–	–	–
Impairment provisions for investments in associates and joint ventures	**35,170**	**35,170**	**–**	–	–	–
Tax effects	**(56,564)**	**(56,320)**	**(244)**	(9,927)	(9,685)	(242)
Others	**(7,250)**	**(7,250)**	**–**	(67,300)	(67,300)	–
Adjusted Net Profit/(Loss) attributable to	**588,521**	**586,167**	**2,354**	354,933	368,297	(13,364)

Non-controlling Interests

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

Liquidity, Financial Resources and Gearing Ratio

Our cash and other liquid financial resources as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
	RMB'000	*RMB'000*
Cash and cash equivalents	**1,301,412**	640,629
Short-term bank deposits and current portion of long-term bank deposits	**1,398,154**	532,959
Long-term bank deposits	**42,405**	90,000
Short-term investments	**256,880**	140,850
Cash and other liquid financial resources	**2,998,851**	1,404,438

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

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

Treasury Policy

We have adopted a prudent financial management approach towards our treasury policies and thus maintained a healthy liquidity position throughout the year ended December 31, 2024. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital Expenditure

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Purchase of property and equipment	**46,323**	47,363
Purchase of intangible assets	**6,650**	4,640
Total	**52,973**	52,003

Long-term Investment Activities

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Investment in financial assets at fair value through profit or loss	**244,105**	328,067
Investment in associates in the form of ordinary shares	**12,002**	6,875
Investment in a joint venture	**10,000**	10,000
Total	**266,107**	344,942

Foreign Exchange Risk

Our Group's subsidiaries are primarily incorporated in the People's Republic of China (the "**PRC**") and Hong Kong, which considered RMB and US$ as their functional currencies, respectively. The Group is primarily exposed to foreign exchange risk arising from foreign currency transactions. Therefore, foreign exchange risk primarily arose from recognized assets and liabilities in our Group' s PRC and Hong Kong subsidiaries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to business partners outside of Mainland China. We did not hedge against any fluctuation in foreign currency for the years ended December 31, 2024 and 2023.

Pledge of Assets

As of December 31, 2024, we pledged a restricted deposit of RMB300,000 (as of December 31, 2023: RMB300,000) to guarantee payment of certain operating expenses and term deposits of RMB32,837,000 as collateral for a bank borrowing.

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities (as of December 31, 2023: nil).

Dividends

The Board has decided to recommend the payment of a final dividend of HK$0.0552 per ordinary share of the Company (the "**Final Dividend**") out of the share premium account of the Company (the "**Share Premium Account**") for the year ended December 31, 2024 (2023: HK$0.036 per ordinary share of the Company), totaling approximately HK$251.7 million (equivalent to approximately RMB232.3 million). A circular containing, inter alia, further information about the Final Dividend out of the Share Premium Account will be dispatched as soon as possible.

As no interim dividend has been paid, the total dividend for the year ended December 31, 2024 will amount to HK$0.0552 per ordinary share of the Company (2023: HK$0.036 per ordinary share of the Company), reflecting a dividend payout ratio of approximately 40% based on the Adjusted Net Profit attributable to Owners of the Company for the year ended December 31, 2024.

As at the date of this announcement, the Company has an aggregate of 4,558,984,419 issued ordinary shares of par value US$0.00001 each in issue. Based on the number of issued ordinary shares of the Company as at the date of this announcement, the Final Dividend, if declared and paid, will amount to an aggregate amount of approximately HK$251.7 million (equivalent to approximately RMB232.3 million). Subject to the fulfilment of the conditions set out in the paragraph headed "Conditions of the Payment of Final Dividend out of Share Premium Account" below, the Final Dividend is intended to be paid out of the Share Premium Account pursuant to Articles 133 and 134 of the current Articles of Association (the "**Articles**") of the Company and in accordance with the Companies Act (as revised) of the Cayman Islands.

As of December 31, 2024, based on the audited consolidated financial statements of the Group, the amount standing to the credit of the Share Premium Account was approximately RMB7,104 million (equivalent to approximately HK$7,695 million). Subsequently, a special dividend of HK$0.109 per ordinary share of the Company totalling approximately HK$496.8 million (equivalent to approximately RMB458.6 million) and out of which a total of HK$491.9 million (equivalent to approximately RMB454.1 million) was claimed and paid in cash out of the Share Premium Account on February 27, 2025, while a total of HK$4.9 million (equivalent to approximately RMB4.5 million) remained unclaimed as of February 27, 2025. Based on the number of issued ordinary shares of the Company as at the date of this announcement and assuming that there will be no further change to the amount standing to the credit of the Share Premium Account immediately before payment of the Final Dividend, following the payment of the Final Dividend, there will be a remaining balance of approximately RMB6,413 million (equivalent to approximately HK$6,947 million) standing to the credit of the Share Premium Account.

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

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

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

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

Subject to the fulfilment of the above conditions, it is expected that the Final Dividend will be paid in cash on June 26, 2025 to those Shareholders whose names appear on the register of members at close of business on June 13, 2025.

The Final Dividend is not subject to any withholding tax.

As at the date of this announcement, no treasury shares are held by the Company (including any treasury shares held or deposited with the Central Clearing and Settlement System (CCASS)). Treasury shares of the Company (if any) would not receive the Final Dividend.

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

Borrowings and Gearing Ratio

As of December 31, 2024, we made bank borrowings of RMB102.89 million at an annualized interest rate of 2.46% (as of December 31, 2023: RMB14.98 million at an annualized interest rate of 3.77%). Therefore, the gearing ratio of the Group was 2.04% as of December 31, 2024 (as of December 31, 2023: 0.36%). The gearing ratio was calculated as the total borrowings divided by the total equity on the respective reporting date. For this purpose, total debt is defined as bank loan as shown in the consolidated balance sheet. The Group's gearing ratio remained at a relatively low level as the Group did not place material reliance on borrowings to finance the Group's operation.

Employee and Remuneration Policy

The Group had a total of 2,416 full-time employees as of December 31, 2024 (as of December 31, 2023: 1,968), a majority of whom were based in various cities in the PRC, including Xiamen (headquarters), Beijing, Shenzhen and Shanghai. Remuneration is determined with reference to market conditions and individual employees' performance, qualification and experience.

In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and contributions to benefit plans (including pensions). Employees of the Group are the eligible participants of the Pre-IPO Employee Share Option Plan (“**Pre-IPO ESOP**”) of the Company, the Post-IPO Share Award Scheme of the Company, the 2024 Share Award Scheme of the Company, the EveLab Insight, Inc. Share Award Scheme and the Pixocial Holdings Ltd Share Option Scheme. During the year ended December 31, 2024, the relationship between the Group and its employees has been stable. We did not experience any strikes or other labor disputes which materially affected our business activities.

Significant Investments Held

Investments in Cryptocurrency

During the year ended December 31, 2024, the Group had, pursuant to the cryptocurrency investment plan, held approximately 31,000 units of Ether (the “**Acquired Ether**”) and 940 units of Bitcoin (the “**Acquired Bitcoin**”). The Group had been selling the Acquired Ether and Acquired Bitcoin during 2024 and as of December 4, 2024, the Group had sold all of its Acquired Ether and Acquired Bitcoin with total proceeds from disposals amounting to approximately US$100 million and US$80 million, respectively. The Group no longer held any Ether or Bitcoin since December 4, 2024. The Acquired Ether and the Acquired Bitcoin were purchased at an aggregate cost of US$50.5 million and US$49.5 million, respectively during the year of 2021 and the Group achieved substantial gains from the sales of cryptocurrencies in the amount of US$79.63 million (equivalent to RMB571.4 million).

As disclosed in the announcements of the Company dated December 4, 2024, January 16, 2025 and February 11, 2025, 80% of the net proceeds from the disposals of the Acquired Ether and Acquired Bitcoin were paid as special dividend of HK$0.109 per ordinary share of the Company in cash out of the Share Premium Account to the Shareholders, with the remaining net proceeds being used as general working capital to expand the Group’s business focusing on paid subscription-based Photo, video and design products.

Further details of the acquired cryptocurrencies and their disposals are set out in the announcements of the Company dated March 7, 2021, March 17, 2021, April 8, 2021, July 6, 2021, July 1, 2022, July 14, 2023, December 4, 2024, January 16, 2025 and February 11, 2025.

Save as disclosed above and in the section headed “Material Acquisitions and Disposals of Subsidiaries, Associates and/or Joint Ventures” of this announcement, during the year ended December 31, 2024, we did not conduct any acquisitions or disposals that constituted notifiable transactions for the Company.

Minority Investments

Meitu Networks owns RMB1.4 million registered capital of Shenzhen Hujia Technology Co., Ltd. （深圳市護家科技有限公司）(the “**Investee Company**”), representing 23.81% equity interest (with preferential rights) on a fully diluted basis in the Investee Company, which is accounted for as hybrid financial instruments and designated as an investment in financial assets measured at fair value through profit or loss.

Details of this investment will be disclosed in the annual report of the Company for the year ended December 31, 2024 to be published in April 2025.

Save as disclosed above, there were no other significant investments held by the Group during the year ended December 31, 2024.

Future Plans for Material Investments and Capital Assets

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

Save as disclosed in this announcement, the Group did not have any other plans for material investments and capital assets as of December 31, 2024.

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

On February 2, 2024, Meitu Investment Ltd (a wholly-owned subsidiary of the Company) ("**Meitu Investment**"), Ming and Lily Design Limited ("**Liang Holdco**"), Lily Advertising Limited ("**Zhao Holdco**"), JXL Advertising Co., Ltd. ("**Ji Holdco**", together with Liang Holdco and Zhao Holdco, the "**Founder Holdcos**"), Yixuan Club Limited ("**Lu Holdco**"), TianFamilyTree Limited ("**Tian Holdco**", together with Lu Holdco, the "**Former Founder Holdcos**", and the Founder Holdcos together with the Former Founder Holdcos, the "**Ordinary Vendors**"), IDG China Media Fund II L.P. ("**IDG**"), HES Ventures II, LLC ("**Hearst**"), Shutterstock (UK) LTD ("**Shutterstock (UK)**"), VNTR V Holdings Limited ("**Hillhouse**", together with IDG, Hearst and Shutterstock (UK), the "**Investor Vendors**", and the Ordinary Vendors together with the Investor Vendors, the "**Zcool Vendors**"), Mr. Liang Yaoming（梁耀明）("**Mr. Liang**"), Ms. Zhao Lili（趙俐俐）("**Ms. Zhao**"), Mr. Ji Xiaoliang（紀曉亮）("**Mr. Ji**", together with Mr. Liang and Ms. Zhao, the "**Zcool Founders**"), Mr. Lu Wei（蘆偉）("**Mr. Lu**"), Ms. Tian Caixia（田彩霞）, Zcool Network Technology Limited ("**Zcool Network**") and its subsidiaries, namely, Zcool Network Technology Hong Kong Limited ("**Zcool HK**"), Beijing Zcool Creative Technology Co., Ltd. ("**Beijing Zcool**"), Beijing Zcool Network Technology Co., Ltd. (the "**Domestic Company**"), Beijing Zcool Education Technology Co., Ltd. ("**Zcool Education**"), Xi'an Zcool Fengqi Network Technology Co., Ltd. ("**Xi'an Zcool**"), and Nanjing Zcool Intellectual Property Agency Co., Ltd. ("**Nanjing Zcool**", together with Zcool Network, Zcool HK, Beijing Zcool, the Domestic Company, Zcool Education, Xi'an Zcool and Nanjing Zcool, "**Zcool Network Group**"), entered into a sale and purchase agreement (the "**Zcool SPA**"), pursuant to which the Zcool Vendors have conditionally agreed to sell and Meitu Investment has conditionally agreed to purchase, (i) 119,158,806 ordinary shares (excluding the unissued ordinary shares of Zcool reserved for the purpose of incentive options to purchase securities in Zcool Network ("**Zcool Network Options**") granted to certain Zcool Founders and employees of Zcool Network Group ("**Zcool ESOP Holders**") pursuant to the employee share incentive plans adopted by the Zcool Network Group prior to the date of the Zcool SPA ("**Zcool ESOP Plans**")), (ii) 24,590,164 series A preferred shares, (iii) 9,836,066 series B preferred shares, (iv) 61,475,410 series B+ preferred shares, and (v) 18,442,623 series C preferred shares of Zcool Network respectively (collectively, the "**Zcool Sale Shares**"), representing the entire issued share capital of Zcool Network ("**Zcool Acquisition**"), at an aggregate consideration of up to US$39,640,495 (equivalent to HK$309,905,426), out of which US$17,784,171 (equivalent to HK$139,034,870) were satisfied by allotment and issue of 52,992,166 new shares of the Company to certain Zcool Vendors and the remaining balance of up to US$21,856,324 (equivalent to HK$170,870,555) were paid or payable in cash.

Pursuant to the Zcool SPA and as a result of the Zcool Acquisition, all Zcool Network Options granted to the Zcool ESOP Holders pursuant to the Zcool ESOP Plans, were cancelled at completion of the Zcool Acquisition. In consideration of the cancellation of such Zcool Network Options, an aggregate amount of US$2,142,518 (equivalent to HK$16,749,991) were payable to the Zcool ESOP Holders, out of which US$803,394 (equivalent to HK$6,280,854) were settled by payment in cash to the Zcool ESOP Holders, and the remaining balance of US$1,339,124 (equivalent to HK$10,469,138) were satisfied by allotment and issuance of 3,990,232 new shares of the Company to Beautiful Space Ltd., a limited liability company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which are beneficially owned by the Company through a professional trustee (for the benefits of the Zcool ESOP Holders).

Completion of the Zcool Acquisition took place on March 27, 2024 and Zcool Network has become an indirect wholly-owned subsidiary of the Company, the financial results of which had been consolidated into the Group's financial statements. Further details on the Zcool SPA, the Zcool Acquisition and the completion of the Zcool Acquisition are set forth in the announcements of the Company dated February 2, 2024 and March 27, 2024 respectively.

Save as disclosed above, we did not conduct any other material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended December 31, 2024.

Important Events after the Reporting Date

Pursuant to the disposals of the Acquired Ether and the Acquired Bitcoin, a special dividend of HK$0.109 per ordinary share of the Company in cash out of the Share Premium Account, totaling approximately HK$496.8 million (equivalent to approximately RMB458.6 million) was proposed by the Board on January 16, 2025 and approved by the Shareholders at the extraordinary general meeting held on February 11, 2025 and a total of HK$491.9 million (equivalent to approximately RMB454.1 million) was subsequently paid to and claimed by the Shareholders on February 27, 2025, while a total of HK$4.9 million (equivalent to approximately RMB4.5 million) remained unclaimed as of February 27, 2025.

Further details of the payment of special dividend are set out in the announcements of the Company dated December 4, 2024, January 16, 2025 and February 11, 2025, respectively and the circular of the Company dated January 22, 2025.

FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT

	Note	**Year ended December 31, 2024** *RMB'000*	2023 *RMB'000*
Revenue	*3*	**3,340,761**	2,695,738
Cost of sales	*4*	**(1,046,550)**	(1,039,862)
Gross profit		**2,294,211**	1,655,876
Selling and marketing expenses	*4*	**(483,400)**	(428,188)
Administrative expenses	*4*	**(399,889)**	(300,915)
Research and development expenses	*4*	**(910,703)**	(635,484)
Net impairment losses on financial assets		**(2,751)**	(18,852)
Other income		**23,618**	68,642
Other losses, net	*5*	**(364,785)**	(41,106)
Reversal of impairment losses and disposal gains on cryptocurrencies		**639,556**	268,069
Impairment losses on intangible assets		**–**	(155,266)
Finance income, net		**50,664**	44,366
Share of losses of investments accounted for using the equity method		**(23,668)**	(19,057)
Profit before income tax		**822,853**	438,085
Income tax expense	*6*	**(16,693)**	(71,667)
Profit for the year		**806,160**	366,418
Profit/(Loss) attributable to:			
– Owners of the Company		**805,176**	378,293
– Non-controlling interests		**984**	(11,875)
		806,160	366,418
Profit attributable to owners of the Company arises from:			
– Continuing operations		**806,160**	366,418
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB per share)	*7*		
– Basic		**0.18**	0.09
– Diluted		**0.18**	0.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Profit for the year		**806,160**	366,418
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Currency translation differences		**6,933**	3,120
Items that will not be reclassified to profit or loss			
Currency translation differences		**16,777**	19,867
Changes in fair value of financial assets at fair value through other comprehensive income		**(5,825)**	–
Other comprehensive income for the year, net of tax		**17,885**	22,987
Total comprehensive income for the year, net of tax		**824,045**	389,405
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**823,061**	400,324
– Non-controlling interests		**984**	(10,919)

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

CONSOLIDATED BALANCE SHEET

	Note	As of December 31, 2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
ASSETS			
Non-current assets			
Property and equipment		**469,863**	464,129
Right-of-use assets		**52,100**	75,513
Intangible assets		**519,602**	775,754
Long-term investments			
– Investments in associates and joint ventures	*8(a)*	**96,541**	122,306
– Financial assets at fair value through profit or loss	*8(b)*	**1,285,072**	1,404,424
– Financial assets at fair value through other comprehensive income	*8(c)*	**31,903**	36,730
Prepayments and other receivables		**11,436**	20,243
Deferred tax assets		**9,807**	9,291
Term deposits		**42,405**	90,000
		2,518,729	2,998,390
Current assets			
Inventories		**73,457**	53,838
Trade receivables	*9*	**407,014**	387,747
Prepayments and other receivables		**921,668**	919,635
Contract costs		**136,226**	92,838
Short-term investments		**256,880**	140,850
Term deposits		**1,398,154**	532,959
Cash and cash equivalents	*10*	**1,301,412**	640,629
Restricted cash		**33,137**	300
		4,527,948	2,768,796
Total assets		**7,046,677**	5,767,186
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**287**	283
Share premium		**7,104,304**	7,093,781
Reserves		**220,919**	83,911
Accumulated losses		**(2,298,775)**	(3,069,118)
Non-controlling interests		**5,827**	4,843
Total equity		**5,032,562**	4,113,700

	Note	As of December 31, 2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
Liabilities			
Non-current liabilities			
Lease liabilities		**27,235**	45,346
Deferred tax liabilities		**166,616**	209,151
		193,851	254,497
Current liabilities			
Convertible redeemable preferred shares	*13*	**163,627**	134,571
Borrowings		**102,890**	14,980
Trade and other payables	*11*	**786,428**	735,209
Lease liabilities		**24,596**	29,955
Income tax liabilities		**87,856**	60,689
Contract liabilities		**654,867**	423,585
		1,820,264	1,398,989
Total liabilities		**2,014,115**	1,653,486
Total equity and liabilities		**7,046,677**	5,767,186

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Net cash generated from operating activities		**745,807**	413,225
Net cash generated from/(used in) investing activities		**7,165**	(644,632)
Net cash used in financing activities		**(104,074)**	(81,161)
Net increase/(decrease) in cash and cash equivalents		**648,898**	(312,568)
Cash and cash equivalents at the beginning of the year	*10*	**640,629**	946,602
Effects of exchange rate changes on cash and cash equivalents		**11,885**	6,595
Cash and cash equivalents at the end of the year	*10*	**1,301,412**	640,629
Analysis of balances of cash and cash equivalents:			
Cash at bank and in hand	*10*	**860,818**	355,638
Short-term bank deposits with initial terms within three months	*10*	**440,594**	284,991
		1,301,412	640,629

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

1 General information

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

The Company is an investment holding company. The Company and its subsidiaries, Xiamen Meitu Networks Technology Co., Ltd. ("**Meitu Networks**") and Xiamen MeituEve Networks Services Co., Ltd. ("**MeituEve Networks**") and their respective subsidiaries (collectively the "**Group**") are principally engaged in the provision of Photo, video and design products, solutions for beauty industry and advertising services in the People's Republic of China (the "**PRC**") and other countries or regions.

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

- govern the financial and operating policies of Meitu Networks;

- exercise equity holders' voting rights of Meitu Networks;

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

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

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

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

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

Similar to Meitu Networks, a series of contractual arrangements were also executed for MeituEve Networks. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company.

In December 2024, contractual arrangements were rearranged for Meitu Networks due to the change of one of the nominee shareholders of Meitu Networks. As a result, Meitu Networks continues to be a controlled structured entity of the Company.

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

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

2 Basis of preparation and changes in accounting policies

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

2.1 Basis of preparation

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

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

2.2 *Changes in accounting policies*

(a) *New and amended standards adopted by the Group*

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2024:

Amendments to IAS 1 *(Note (i))*	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

(i) As a result of the adoption of the amendments to IAS 1 – Classification of Liabilities as Current or Non-current, the Group changed its accounting policy for the classification of convertible redeemable preferred shares as below:

Convertible redeemable preferred shares are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments to IAS 1 has also clarified what IAS 1 aims to mean when it refers to 'settlement' of a liability. Under the amendments to IAS 1, terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an 'equity instrument'. However, conversion options that are classified as a 'liability' must be considered when determining the current/non-current classification of a convertible instrument. In the past, such conversion options, whether classified as an equity instrument or liability, did not affect the current/non-current classification of its host liability. The adoption of the amendments to IAS 1 has resulted in a change in the Group's accounting policy on current/non-current classification of convertible instruments and the impact of which is summarised below.

On October 12, 2023, a wholly owned subsidiary of the Company, Pixocial Holdings Ltd ("**Pixocial**"), entered into a share subscription agreement with certain third party investors to issue 17,043,417 shares of Series A redeemable convertible preferred shares ("**Series A preferred shares**") and the fair value of RMB134,571,000 was classified as a non-current liability as of December 31, 2023. The conversion option does not meet the definition of an equity instrument and can be exercised at holder's discretion at any time. Due to the abovementioned change in the Group's accounting policy, the convertible redeemable preferred shares has been reclassified as a current liability retrospectively by restating the balances as of December 31, 2023 as follows:

	As previously reported *RMB'000*	Effect of change in accounting policy *RMB'000*	As restated *RMB'000*
As of December 31, 2023			
Convertible redeemable preferred shares – current	–	134,571	134,571
Convertible redeemable preferred shares – non-current	134,571	(134,571)	–

This change in accounting policy does not have any impact to Group's profit, earnings per share nor cash flows for the year ended December 31, 2024.

Except for those as mentioned above, the amendments listed above did not have any material impact on the amounts recognized in prior years and are not expected to significantly affect the current or future years.

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

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

As of December 31, 2024, the following new standards, amendments, improvement and interpretation have been issued but are not effective for the financial year beginning January 1, 2024 and have not been early adopted:

New standards, amendments, improvement and interpretation		**Effective for accounting periods beginning on or after**
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

3 Revenue and segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The role of CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive director of the Company who makes strategic decisions. The Group does not distinguish between markets or segments for the purpose of internal reporting. As of December 31, 2024, the total non-current assets other than financial instruments and deferred tax assets located in the PRC and other countries or regions amounted to RMB868,787,000 (December 31, 2023: RMB686,934,000) and RMB184,230,000 (December 31, 2023: RMB648,706,000), respectively.

The results of the revenue for the year ended December 31, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Photo, video and design products	**2,085,616**	1,327,384
Advertising	**853,467**	758,790
Solutions for beauty industry	**384,574**	569,158
Others	**17,104**	40,406
Total revenue	**3,340,761**	2,695,738

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time	**2,379,352**	1,992,316
At a point in time	**961,409**	703,422
	3,340,761	2,695,738

No revenue from any customer exceeded 10% or more of the Group's revenue for the year ended December 31, 2024 and 2023.

4 Expenses by nature

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses	**1,142,912**	909,516
Revenue sharing fee to payment channels	**430,431**	294,103
Inventories consumed and recognized as cost of sales	**331,226**	513,059
Arithmetic power, bandwidth and storage related costs	**336,580**	182,821
Promotion and advertising expenses	**290,020**	235,669
Depreciation of property and equipment and right-of-use assets	**71,255**	42,825
Professional service fees	**33,201**	39,152
Travelling and entertainment expenses	**28,382**	27,366
Tax and levies	**24,026**	28,592
Utilities and office expenses	**16,010**	14,593
Amortisation of intangible assets	**12,964**	7,993
Auditors' remuneration		
– Annual audit services	**6,250**	5,650
– Non-audit services	**660**	932
Others	**116,625**	102,178
Total cost of sales, selling and marketing expenses, administrative expenses and research and development expenses	**2,840,542**	2,404,449

5 Other losses, net

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gains on short-term investments	**10,796**	7,155
Dividend income from an investee company	**8,152**	–
Dilution gains on deemed disposal *(Note 8(a))*	**5,563**	–
Fair value changes of financial assets at fair value through profit or loss *(Note 8(b))*	**(316,663)**	(73,531)
Impairment provisions for investments in associates and joint ventures *(Note 8(a))*	**(35,170)**	–
Fair value changes of convertible redeemable preferred shares *(Note 13)*	**(26,761)**	–
Losses on disposal of financial assets at fair value through profit or loss	**(13,012)**	–
Gains on disposal of a subsidiary *(Note (a))*	**–**	67,300
Remeasurement losses on consideration payable to non-controlling shareholders of a subsidiary *(Note (b))*	**–**	(40,970)
Others	**2,310**	(1,060)
	(364,785)	(41,106)

(a) On August 11, 2023, the Group disposed 20% equity interests of a subsidiary, Dajie Net Investment Holdings Ltd. ("**Dajie Net**"), to Rapid Recruitment Limited at a cash consideration of US$1 (equivalent to approximately RMB7) and recognized gains on disposal of RMB67,300,000. After the completion of the disposal transaction, the Group's shareholding in Dajie Net reduced from 58.98% to 38.98% and the Group lost the control over Dajie Net and only maintains significant influence in Dajie Net. Accordingly, Dajie Net started to be recognized as an investment in associate.

(b) On January 25, 2018, the Group acquired an aggregate 50.48% equity interests of Ruisheng Tianhe (Beijing) Media and Technology Co., Ltd. ("**Ruisheng Tianhe**") and it became the Group's subsidiary accordingly. There was a contractual undertaking in the sales and purchase agreement that the Group was obliged to acquire the remaining 49.52% equity interests in Ruisheng Tianhe. The purchase price would be determined at the time of the future acquisition dates, through different tranches, according to a formula based on the future performance of Ruisheng Tianhe, which reflect the respective fair values of the interests.

As of December 31, 2022, the Group would be obliged to purchase the remaining 19.81% equity interests. During the year ended December 31, 2023, the consideration due to the non-controlling shareholders for the remaining 19.81% equity interests of Ruisheng Tianhe had been remeasured from RMB63,392,000 to RMB104,362,000 based on the adjusted performance result, which is agreed by management of the Group and non-controlling shareholders of Ruisheng Tianhe. As a result, remeasurement losses of RMB40,970,000 were recognized for the year ended December 31, 2023.

6 Income tax expense

The income tax expense of the Group for the year ended December 31, 2024 and 2023 are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**62,734**	77,470
Deferred income tax	**(46,041)**	(5,803)
	16,693	71,667

(a) Cayman Islands and BVI Income Tax

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

(b) Hong Kong Income Tax

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

(c) Corporate income tax in other countries

Income tax rate for subsidiaries in other jurisdictions, including the United States, Japan, Australia, France and Singapore were ranging from 17% to 30%. No provision for profits tax has been made as the Group did not have any assessable profits subject to these jurisdictions for the year.

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

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

Meitu Home, Beijing Meitu Home Technology Co., Ltd. and Beijing Zcool Network Technology Co., Ltd. has been qualified as an "High and New Technology Enterprise" ("**HNTE**") in the year 2024 under the EIT Law and was entitled to a preferential income tax rate of 15%.

According to relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities were entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**").

7 Earning per share

(a) Basic

	Year ended December 31, **2024**	2023
Earning attributable to owners of the Company for the calculation of basic earning per share ("**EPS**") *(RMB'000)*	**805,176**	378,293
Weighted average number of ordinary shares in issue *(thousand)*	**4,498,967**	4,414,966
Basic earning per share *(RMB per share)*	**0.18**	0.09

(b) Diluted

The shares options awarded under Pre-IPO ESOP, awarded shares under the Post-IPO Share Award Scheme/2024 Share Award Scheme, awarded shares under Share Incentive to Senior Management of Subsidiaries, awarded share arising from a business combination and convertible redeemable preferred shares have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing the diluted EPS).

The convertible redeemable preferred shares are anti-dilutive, as net of tax and other changes in income or expense, per ordinary share obtainable on conversion exceeds basic EPS for the year ended December 31, 2024, the profit attributable to owners of the Company (numerator) has not been adjusted by the effect of convertible redeemable preferred shares.

The calculation of diluted EPS for the year ended December 31, 2024 and 2023 are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Earnings attributable to owners of the Company for the calculation of diluted EPS *(RMB'000)*	**805,176**	378,293
Weighted average number of ordinary shares in issue *(thousand)*	**4,498,967**	4,414,966
Adjustments for share options and awarded shares *(thousand)*	**38,236**	50,483
Weighted average number of ordinary shares for the calculation of diluted EPS *(thousand)*	**4,537,203**	4,465,449
Diluted EPS *(RMB per share)*	**0.18**	0.08

8(a) Investments in associates and joint ventures

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
As of January 1	**122,306**	123,733
Additions	**22,002**	16,875
Converted from investment in financial assets at fair value through profit or loss	**5,000**	–
Disposal	**(609)**	–
Impairment charges	**(35,170)**	–
Share of losses of the associates and the joint ventures	**(23,668)**	(19,057)
Dilution gains on deemed disposal	**5,563**	–
Currency translation differences	**1,117**	755
As of December 31	**96,541**	122,306

For the year ended December 31, 2024, none of the Group's investments in associates or the joint ventures is individually material to the Group.

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
As of January 1	**1,404,424**	1,195,064
Additions	**248,105**	328,067
Transfer to investment in an associate	**(5,000)**	–
Disposals	**(48,435)**	(44,620)
Changes in fair value *(Note 5)*	**(316,663)**	(73,531)
Currency translation differences	**2,641**	(556)
As of December 31	**1,285,072**	1,404,424

The Group made investments in redeemable convertible preferred shares and ordinary shares with preferred rights (collectively as "**preferred shares**") of private companies, and these investments held by the Company contain certain embedded derivatives. After an assessment performed on the Group's business model adopted for managing financial assets and a test on whether the contractual cash flows represent solely payment of principal and interest ("**SPPI**"), the Group recognized these investments as financial assets at fair value through profit or loss.

In certain investment in form of preferred shares, the Group also holds board seats to enable it can participate in the investees' financial and operating activities. These investees are accounted for as associates being measured through financial assets at fair value through profit or loss based on the assessment discussed above.

The Group performs assessment on the fair value of these financial assets periodically. Management reviews the investees' financial/operating performances and forecasts, and applies the appropriate valuation techniques, where applicable, in order to determine their respective fair values. During the year ended December 31, 2024, change in fair value amounting to RMB316,663,000 was recognized as other losses in the consolidated income statement (2023: other losses RMB73,531,000) (Note 5).

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
As of January 1	**36,730**	36,181
Additions	**267**	–
Changes in fair value	**(5,825)**	–
Currency translation differences	**731**	549
As of December 31	**31,903**	36,730

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

During the year ended December 31, 2024, change in fair value amounting to RMB5,825,000 was recognized as other comprehensive loss in the consolidated balance sheet (2023: none).

9 Trade receivables

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**418,541**	406,520
Less: loss allowance	**(11,527)**	(18,773)
	407,014	387,747

The Group grants credit periods of 30 to 120 days to its customers. As of December 31, 2024 and 2023, the aging analysis of trade receivables based on transaction dates was as follows:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 6 months	**404,295**	382,382
6 months to 1 year	**5,541**	6,308
Over 1 year	**8,705**	17,830
	418,541	406,520

As of December 31, 2024 and 2023, the carrying amounts of trade receivables were primarily denominated in RMB and USD and approximated their fair values.

10 Cash and bank balances

(a) Cash and cash equivalents

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank and in hand	**860,818**	355,638
Short-term bank deposits with initial terms within three months	**440,594**	284,991
	1,301,412	640,629

(b) Restricted cash

As of December 31, 2024, RMB300,000 (2023: RMB300,000) of restricted deposits were held in a bank to guarantee payments of certain operating expenses, RMB32,837,000 of term deposits were pledged as collateral for a bank borrowing.

11 Trade and other payables

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Included in current liabilities		
Payroll and welfare payables	**335,207**	265,952
Payables to platforms for agency services	**188,318**	244,876
Trade payables *(Note (a))*	**179,496**	140,604
Other tax payables	**17,597**	12,082
Contingent cash consideration for a business combination	**15,132**	–
Deposits payable	**5,549**	30,377
Others	**45,129**	41,318
	786,428	735,209

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

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 6 months	**126,461**	98,990
Over 6 months	**53,035**	41,614
	179,496	140,604

12 Dividends

The final dividends amounting to RMB147,807,000 were paid by the Company during the year ended December 31, 2024 (2023: RMB81,395,000),while the remaining RMB1,020,000 remained unclaimed as of December 31, 2024.

A final dividend in respect of the year ended December 31, 2023 of Hong Kong dollars ("**HK$**") 0.036 per share in cash out of the share premium account of the Company was proposed pursuant to a resolution passed by the Board on March 15, 2024 and approved by the shareholders of the Company at the 2024 annual general meeting of the Company held on June 5, 2024.

The Board of Directors proposed a final dividend of RMB232,336,000 or HK$0.0552 per ordinary share out of the share premium account of the Company for the year ended December 31, 2024. Such dividend is to be approved by the shareholders at the Annual General Meeting on June 5, 2025. These consolidated financial statements do not reflect this dividend payable.

13 Convertible redeemable preferred shares

As mentioned in note 2.2(a), a wholly owned subsidiary of the Company, Pixocial, entered into a share subscription agreement with certain third party investors to issue 17,043,417 shares of Series A Preferred shares at a price of US$1.1148 per share with total consideration of US$19,000,000 (equivalent to approximately RMB134,571,000). The issuance of the Series A Preferred Shares was completed on December 1, 2023.

The key terms of the Preferred Shares are summarised as follows:

(a) Dividends rights

The board of directors of Pixocial shall determine in good faith whether the net profit threshold, defined in the shareholders' agreement, of such fiscal year has been satisfied with reference to the audited annual consolidated financial statements of the Group (the "**Annual Financials**") as delivered by Pixocial to major investors. If the board of directors of Pixocial determines that the relevant net profit threshold, defined in the shareholders' agreement, of such fiscal year has been met, the board of directors of Pixocial shall declare and authorize Pixocial to pay to each Series A preference shareholder a dividend in the amount equal to the special dividend amount, defined in the shareholders' agreement. If the board of directors of Pixocial determines that the relevant net profit threshold of such fiscal year has not been met, no special dividend amount shall be declared and paid to any Series A preference shareholders.

(b) Conversion feature

Each Series A preference share shall automatically be converted, based on the then-effective Series A conversion price, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares upon the earlier of (x) the closing of a (i) Qualified Initial Public Offering ("**QIPO**"); or (ii) an IPO that is otherwise duly approved by the board of Pixocial pursuant to articles and shareholders' agreement, and (y) the date specified by written consent or agreement of the super majority Series A preferred shares' holders (voting as a single class on an as-converted basis), which are holders of more than fifty-nine percent (59%) of the voting power attaching to the then issued and outstanding Series A preference shares.

QIPO means an underwritten public offering of ordinary shares of Pixocial or of any listing vehicle formed to hold all or substantially all of the target business on Shenzhen Stock Exchange, Shanghai Stock Exchange, the main board of the Hong Kong Stock Exchange, New York Stock Exchange, NASDAQ or (subject to the affirmative vote or written consent of the director of the board of Pixocial) such other internationally recognized stock exchange as may be approved by the board of Pixocial ("**Qualified Exchange**").

(c) Redemption feature

For Series A preferred shares' holders, they may redeem the preferred shares upon the request, at any time after the earlier of (i) the failure to consummate a QIPO or a trade sale before the fourth (4th) anniversary of the initial completion date, (ii) the occurrence of any breach of the transaction documents by any member of Pixocial and its subsidiaries or the management holders as defined in the shareholders' agreement, any fraud of any member of Pixocial and its subsidiaries or the management holders, which in each case, is reasonably expected to have a material adverse effect on Pixocial and its subsidiaries (taken as a whole) and which are not rectified within sixty (60) days upon receipt of notice from any holder of the Series A preference shares; (iii) the occurrence of any blocking event (other than in respect of the special redemption event defined in the shareholders' agreement); and (iv) both of the management holders cease their employment relationship or services with Pixocial and all of the material subsidiaries of Pixocial (other than due to removal by the board of directors of Pixocial without cause or due to reasons of disability).

The redemption price shall be paid by Pixocial to the preferred shares holders in an amount equal to: (i) one hundred percent (100%) of the original issue price, plus (ii) a simple interest of eight percent (8%) per annum of the original issue price calculated from the original issue date until the date of its payment in full, and minus (iii) all dividends and distributions previously received by Series A preferred shares' holders.

(d) Liquidation preferences

In the event of any liquidation, dissolution or winding up of Pixocial, either voluntary or involuntary, the preferred shareholders shall be entitled to receive prior and in preference to any distribution of any proceeds to the holders of the ordinary shares, an amount per Series A Preference Share held by such holder equal to the sum of one hundred percent (100%) of the Series A Preference Share original issue price, plus the higher of (i) a simple interest of eight percent (8%) per annum of the Series A Preference Share original issue price calculated from the Series A Preference Share original issue date until the date of the amount of Series A Preference Share is paid in full, or (ii) all declared but unpaid accrued dividends on such Series A Preference Share, minus any special dividend amount, dividends and other distributions previously received by such holder of the Series A preference shares.

The Group measures the convertible redeemable preferred shares on a fair value basis and does not bifurcate any embedded derivatives from the host instruments and designates the entire instrument as financial liabilities at fair value through profit or loss with the changes in the fair value recognized in the consolidated income statement.

The movement of the convertible redeemable preferred shares is set out as below:

	RMB'000
As of January 1, 2024	**134,571**
Change in fair value of the convertible redeemable preferred shares for the year included in profit or loss	**26,761**
Currency translation differences	**2,295**
As of December 31, 2024	**163,627**

The convertible redeemable preferred shares are classified as current liabilities as of December 31, 2024 because the Group has no right to defer settlement of the liability for at least 12 months after the reporting period.

Changes in fair value of convertible redeemable preferred shares were recorded in "fair value changes of convertible redeemable preferred shares".

14 Subsequent Events

A special dividend of HK$0.109 per share in cash out of the share premium account of the Company was proposed pursuant to a resolution passed by the Board on January 16, 2025 and approved by the shareholders of the Company at the extraordinary general meeting of the Company held on February 11, 2025. These financial statements do not reflect this dividend payable.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities

During the year ended December 31, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

Compliance with the Corporate Governance Code

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

Pursuant to Code Provision C.2.1 ("**Code Provision C.2.1**") in Part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules, it is stated that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Despite the deviation from the Code Provision C.2.1, the Board believes that Mr. Wu Zeyuan will provide solid and continuous leadership to both the Board and the management of the Group with his extensive experience and knowledge in management and operation of the Group. Further, the Board has also considered and is of the view that the composition of the executive, the non-executive and the independent non-executive directors on the Board and the various committees of the Board formed in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. As such, the Board considers that the deviation from Code Provision C.2.1 is appropriate in the current situation.

Save as to the deviation from Code Provision C.2.1, during the year ended December 31, 2024, the Company has complied with all other applicable code provisions of the CG Code for the time being in force.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2024.

The Board has also adopted the Model Code and have established internal written guidelines pursuant thereto to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in Code Provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the year ended December 31, 2024 after making reasonable enquiry.

Audit Committee and Review of Financial Statements

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. ZHOU Hao, Mr. LAI Xiaoling and Mr. HONG Yupeng. Mr. HONG Yupeng is a non- executive Director, and Mr. LAI Xiaoling and Mr. ZHOU Hao are independent non-executive Directors. Mr. ZHOU Hao is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results announcement and the audited financial statements of the Group for the year ended December 31, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with members of the senior management and the Company's auditor. Based on the review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2024.

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

Scope of Work of the Company's Auditor

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flow and the related notes thereto for the year ended December 31, 2024 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Company's auditor on the preliminary announcement.

Annual General Meeting

The annual general meeting is scheduled to be held on Thursday, June 5, 2025 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

Shareholders who are entitled to attend, speak and vote at the AGM (or any adjournment thereof) are those whose names appear on the register of members of the Company on Thursday, June 5, 2025. The register of members of the Company will be closed from Monday, June 2, 2025 to Thursday June 5, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM to be held on Thursday, June 5, 2025. All transfers of shares of the Company accompanied by the relevant share certificates and transfer forms (together the "**Share Transfer Documents**") must be lodged for registration before 4:30 p.m. on Friday, May 30, 2025.

The register of members of the Company will be closed from Wednesday, June 11, 2025 to Friday, June 13, 2025, both days inclusive, in order to ascertain the identity of the Shareholders entitled to the Final Dividend to be approved at the AGM. In order to qualify for Final Dividend, all Share Transfer Documents must be lodged for registration before 4:30 p.m. on Tuesday, June 10, 2025.

The Share Transfer Documents shall be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Publication of Annual Results and Annual Report

This annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at www.hkexnews.hk and the website of the Company at www.meitu.com. The annual report of the Group for the year ended December 31, 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

APPRECIATION

Finally, on behalf of everyone at Meitu, I would like to express our sincere gratitude to all of our users. I would also like to thank our employees and management team for embodying Meitu's core values in their daily work and for executing the Group's strategy with professionalism, integrity, and dedication. To "Unite art and technology elegantly", Meitu is developing outstanding Photo, video and design products that streamline the production of photo, video and design, while striving to advance industry digitalization through solutions for beauty industry.

By order of the Board
Meitu, Inc.
Wu Zeyuan
Chairman

Hong Kong, March 18, 2025

As at the date of this announcement, the executive director of the Company is Mr. Wu Zeyuan (also known as Mr. Wu Xinhong); the non-executive directors of the Company are Dr. Guo Yihong, Mr. Chen Jiarong and Mr. Hong Yupeng; the independent non-executive directors of the Company are Mr. Zhou Hao, Mr. Lai Xiaoling and Ms. Poon Philana Wai Yin.

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