Keep Inc.

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 3650)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE FOURTEENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

ANNUAL RESULTS HIGHLIGHTS

	For the year ended December 31,		
	2024	2023	Year-on-year change
	RMB'000	*RMB'000*	*(%)*
Revenues	**2,065,694**	2,137,834	(3.4)
Gross profit	**965,432**	961,644	0.4
Gross profit margin (%)	**46.7**	45.0	1.7 p.p
(Loss) /profit for the year	**(534,710)**	1,105,908	N/M[(1)]
Adjusted net loss for the year (Non-IFRS measures)[(2)]	**(469,606)**	(295,418)	59.0
Adjusted net loss margin (%)	**(22.7)**	(13.8)	(8.9) p.p

Notes:

(1) Not meaningful for comparison due to a non-recurring gain of RMB1.4 billion from the fair value changes of convertible redeemable preferred shares for the year ended December 31, 2023. We did not record any further fair value changes of the convertible redeemable preferred shares after the Listing as the liabilities of preferred shares were redesignated and reclassified from liabilities to equity after the automatically converting of preferred shares into ordinary shares upon the Listing. For more details, please refer to "Financial Review – Non-IFRS measures" in this announcement.

(2) We define adjusted net loss as (loss)/profit for the year, excluding share-based compensation expenses and fair value changes of convertible redeemable preferred shares. We exclude these items because they do not involve any cash outflow: (i) share-based compensation expenses primarily represent the non-cash employee benefit expenses incurred in connection with our Amended and Restated 2016 Employee's Stock Option Plan adopted in June 2021 ("**2016 Plan**"), the Amended and Restated 2021 Employee's Stock Option Plan adopted in June 2021 (the "**2021 Plan**") and the Post-IPO Share Incentive Plan (the "**2023 Plan**"). Such expenses in any specific year are not expected to result in future cash payments, and (ii) fair value changes of convertible redeemable preferred shares mainly represent changes in the fair value of the convertible redeemable preferred shares issued by us and relate to changes in our valuation.

The board (the "**Board**") of directors (the "**Directors**") of Keep Inc. (the "**Company**") is pleased to announce the audited consolidated results of the Company, its subsidiaries and the consolidated affiliated entities (collectively, the "**Group**") for the year ended December 31, 2024 (the "**Reporting Period**"). The contents of this annual results announcement have been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in relation to preliminary announcements of annual results, in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Such annual results have also been reviewed and confirmed by the Board and the audit committee of the Board (the "**Audit Committee**"). Unless otherwise stated, the financial data of the Company are presented in Renminbi ("**RMB**").

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

MANAGEMENT DISCUSSION AND ANALYSIS

During 2024, despite the challenges in China's macroeconomic recovery, we were pleased to see the growing enthusiasm for healthy lifestyles and fitness, catalyzed by the success of Summer Olympic Games. Thus, we refreshed our mission to "Fuel every workout, Keep the neighborhood energetic". Our renewed focus on user experience led to a comprehensive enhancement and transformation of the Keep brand and platform throughout 2024, resulting in significant improvements. This can clearly be seen in our expansive portfolio of offerings designed to enhance the user fitness experience across both indoor and outdoor activities, the introduction of next-generation wearable fitness devices, and a range of hot-selling products with tech-savvy and trending aesthetic elements. These initiatives align with our commitment to revamping the core infrastructure of our AI-powered and data-driven ecosystem through Keep App 8.0 version upgrade, further cementing our unique value proposition, core competitiveness, and the market leader advantages. As we observed the revived interest in fitness and sports across China, we are pleased with the consistent internal responsiveness, focus, and execution as we have made to adapt to this momentum. We are confident in our ability to deliver sustainable operational improvements while exploring innovative opportunities to differentiate ourselves. While these initiatives may temporarily impact our performance over the near-term, they are critical to *validating and strengthening* our long-term strategic competitiveness. This AI-powered transition from a content-driven to data-driven ecosystem will solidify our first-mover advantage in an evolving technological landscape, enhance the user experience, and create long-term sustainable value for our shareholders.

Business Review

Key Operating Data

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

	Year ended December 31,	
	2024	2023
Average monthly active users ("**MAU(s)**") *(in thousand)*	**29,921**	29,756
Average monthly revenues per MAU *(in RMB)*	**5.8**	6.0
Average monthly subscribing members *(in thousand)*	**3,162**	3,193
Membership penetration rate	**10.6%**	10.7%

Overview

Throughout the year, as macroeconomic recovery progressed, the popularity of sports and fitness continued to grow on multiple fronts. We maintained our strategic resolve amid volatile market landscape by dynamically re-aligning our corporate strategies to address the evolving needs of user and consumer communities, while exploring opportunities to redefine our overall fitness ecosystem. Specifically, we rationalized the structure of our business to improve operational efficiency and drive business robustness, while enhancing user fitness experience through comprehensively exploring user needs. These initiatives drove steady growth in our core business segments, including self-branded fitness products, online membership subscription, and advertising sales. In the pursuit of individual physical and mental well-being, we have observed that the perceptions of sports and fitness activities are evolving beyond traditional fitness routines. This shift is giving rise to multiple needs for social interaction, emotional motivation, and scientific advancement and instruction. Leveraging our extensive connectivity across a vast array of data and smart devices, we are actively addressing the evolving multi-dimensional needs of users for fitness, health data management, and workout analytics to capitalize on our unparalleled advantages in data intelligence and systematic synergies. We have built a loyal and growing user base, established a trusted fitness brand, and developed a full portfolio of highly complementary offerings to drive sustainable operational expansion. We are also working proactively to mitigate the short-term impact on our business by fine-tuning corporate strategies on resource allocation, optimized business deployment, and technological empowerment. This approach aims to enhance and differentiate the fitness journey for our communities across diverse scenarios, enabling us to navigate through this transition period for long-term steady growth.

In 2024, our total revenues reached RMB2.1 billion, representing a 3.4% year-over-year decrease. We have experienced continuous growth in the scale of our core monetization solutions across complementary fitness products, online membership subscriptions, and advertising sales, while the increases were offset by (i) a decrease in online sports events revenue due to the high base effect set by several top-grossing events in 2023 as well as exploratory trials of more IP types in 2024; and (ii) weaker-than-expected sales of smart at-home equipment due to shifting consumption dynamics and weaker consumer sentiment.

Our gross margin expanded to 46.7%, compared to 45.0% in 2023, marking the second consecutive year of consistent gross margin expansion, and reflecting increased revenue contribution from high-margin businesses and ongoing cost optimization.

Adjusted net loss (non-IFRS measures) was RMB469.6 million, compared to RMB295.4 million in 2023, mainly attributable to an increase in expenses associated with new strategic businesses and technological initiatives aimed at strengthening our long-term competitiveness. These initiatives include: (a) development and promotion of AI-enabled applications; (b) innovation in wearable fitness devices; (c) sporting-themed marketing and brand-building activities; and (d) expenditure associated with the optimization of our organizational structure. We believe these initiatives will gradually have a positive contribution starting from 2025. We aim to achieve breakeven in 2025 by optimizing our business performance and pursuing operating expense reductions through technological enhancement (including the application of AI technology), and improving supply chain management and workforce productivity.

In 2024, average MAUs and average monthly subscribing members were 29.9 million and 3.2 million, respectively, largely stable when compared to 29.8 million and 3.2 million, respectively, in 2023. Membership penetration rate for 2024 was also relatively stable at 10.6%, compared to 10.7% in 2023. The upgraded Keep App 8.0 version, launched in 2024, offered a broader range of online services across expanded sports categories and enhanced overall data functionality. To enhance the user experience, we provided limited free trials of certain member-exclusive benefits, encouraging broader user engagement with our comprehensive fitness solution and newly launched tools and gameplay. Despite that, our membership subscription revenue generated positive year-over-year growth, with improvements in both monthly average revenue per paying subscriber (ARPPU) and segment gross margin structure. This reflects our delicate balance between short-term membership scale and long-term user value, as we elevate user awareness of our new offerings and benefits, driving user engagement and lifetime value over the long term.

Expanding Online Fitness Ecosystem

In 2024, we refreshed our mission to "Fuel every workout, Keep the neighborhood energetic" and rolled out Keep App 8.0 version upgrade to enhance the user fitness experience, making it easier for users to stay motivated and engaged in their fitness journeys. We kept expanding the range of tools and functionalities to increase the density and diversity of our online fitness offerings, successfully outreached and inspired diverse user groups.

Our innovative and expansive content portfolio caters to the needs of both beginners and advanced users across various sports categories. We enriched online course content and tools with the goal of optimizing workout experience. Our aim is to provide more accessible, diverse sports content to quickly engage a broader base of fitness enthusiasts. As of December 31, 2024, we have accumulated over 40,000 pre-recorded courses, aligning with popular fitness trends and user preferences. Some of the popular course genres in 2024 included *Functional Strength, Posture Improvements* (Baduanjin Qigong & Tai Chi (八段錦&太極)), and *Dance* series.

Since the successful debut of our revolutionary Keep App 8.0 version upgrade, we now offer our users and partners a more open ecosystem that has delivered a positive impact in capturing new user segments and enhancing diverse fitness experiences. This has enabled us to create more personalized fitness programs and improve data accessibility.

Some of the strengthened content and features of the Keep App 8.0 version upgrade has generated multiple positive outcomes:

– Unlocking the value of outdoor sports activities, catering to users from novice to advanced levels, which drove growth in our outdoor user base. By the end of 2024, our outdoor user base has elevated to approximately the same size as our indoor fitness user base. Running remained the most popular activity among outdoor users and kept growing steadily, while participation in trendy and niche professional sports such as cycling, ball games, swimming and boxing also experienced robust 30% increase in 2024 compared to 2023.

– Rounding out intelligent data capabilities. Intelligent data functionalities saw a meaningful increase in usage among users of our data tools such as full-body evaluation, body-parts evaluations and *Fun Run*（輕鬆跑）. Notably, smart customized plans excelled in addressing the personalized needs of users, accounting for over 90% of all available plans in 2024. Smart plans were utilized over 65 million times throughout the year.

– We pioneered a *Workout Profiling* (運動檔案) feature by leveraging vast amounts of workout data, integrating over 100 exercise metrics and a scientific exercise data assessment system, covering aerobic training (有氧體系運動) and a muscle training system (肌肉訓練體系), which was the first of its kind in the sports industry when introduced by us. Additionally, by integrating multidimensional data such as daily health and sleep patterns, we provide users with comprehensive insights into their exercise records and analysis of exercise effects and intensity across various aspects, including exercise status (such as exercise load and performance level), athletic capability (such as aerobic endurance and muscular endurance), and exercise roadmap predictions. This allows users to intuitively track their exercise and gauge the progress. Furthermore, we will continue to expand this feature to cover more types of sports and data metrics.

We reinforced our leading position and cemented the foundation for our long-term development in the online fitness ecosystem through our comprehensive fitness offerings. Our portfolio of offerings covers diverse sports disciplines and innovative features including tools, guidance, and assessments that cover indoor and outdoor activities from novice to professional level.

Meanwhile, inspirational ancillary engagement and self-rewarding elements such as trendy medals and creative IP collaborations further stimulated thriving community engagement and emotional solidarity. In terms of online sports events, our efforts in optimizing event operations, introducing new gameplay and merchandise, and exploring a wider variety of IP types have collectively driven a revenue rebound in the second half of 2024 compared to the first half of 2024. We will continue to streamline the processes of online sports events and improve supply chain efficiency to stabilize revenue scale while enhancing operational effectiveness. Furthermore, our flagship proprietary sports-themed events, such as the selection of seven road races by *K-MARS (城市K馬)* series and four events by *Good Ride Festivals (好騎節)*, consistently presented joyful and professional atmospheres, gained wider exposure and vibrant user reception in 2024. The innovative *K-MARS* series integrates online and offline gateway through localized gathering events, targeting beginners to advanced runners, effectively enhanced our brand influence, while attracting a broader spectrum of advertisers.

Reshaping Growth Trajectory through Generative AI & Data Foundation

Over the past decade, Keep has evolved from a content-driven tool to a reputable business, becoming one of the largest fitness platforms and communities. We have built a robust fitness ecosystem integrating content, users, data, and devices, encompassing solid and structured data foundation of many sports categories, as well as individual assessment and fitness capability precision models for various sports disciplines. By the end of 2024, we have accumulated over 400 million registered users, more than 100 million annual active users, and more than 55 million annual fitness users on Keep's platform throughout the year. These users collectively tracked over 1.4 billion workout records in 2024. In addition, our platform connects across more than 22 million smart devices, covering Keep smart devices and major mainstream fitness wearable devices of renowned brands such as Apple, Mi, Huawei, Garmin, COROS, and Samsung. In 2024, over 300 million workout records were synchronized to the Keep platform from smart devices (including Keep smart devices as well as from third-party applications and services), all of which surpassed 20% of the total 1.4 billion workout records in 2024.

As we continue to attract and retain users with increased engagement, we benefit from utilizing data to understand how to mobilize workouts, plans and community interaction to fit our users' demand. These insights allow us to direct our content allocations into those preferred areas. We continue to broaden our content offering portfolio by introducing new classes that engage users in different ways. We rolled out and will continue to augment *Workout Profiling* (運動檔案) by leveraging our AI-powered and data-driven capabilities, providing comprehensive management and insight of fitness and health data. Our 6,000+ official courses already included approximately 14% content created by Artificial Intelligence Generated Content (AIGC), new overseas AI-enabled fitness apps like FitPulse, CalCut, and Gogogola provide personalized plans and content, all of which were 100% generated by AIGC.

We view generative AI leveraging our comprehensive fitness data infrastructure to fuel Keep's growths for the next decade and beyond. We are uniquely advantaged with our very large set of fitness, body and performance data configuration. The Company has recently launched Kinetic.ai, the very first vertical model in sports and fitness industry. Simultaneously, we unveiled the first AI agent built on Kinetic.ai: AI Koach Kaka, now available for user trials. By leveraging precise analysis of user's fitness-related data, AI Koach Kaka integrates core functionalities such as personalized workout plan generation and dynamic adjustments on training schedule, thus creating exclusive coaching services tailored to each user. As we are at the very early stage of AI-powered expansion, we singularly focus on two major aspects: (i) pioneering with AI-powered features and functionality, including general fitness instructive and emotional companions features, to drive user adoption and usage, and (ii) faster scalability of tailored content generation, as we'll leverage generative AI to experiment and deliver unprecedented and customized fitness experiences throughout Keep product and service portfolios.

Our strategic initiatives are aimed at long-term sustainability, propelling the growth trajectory by leveraging our robust data foundation and advanced AI technology. This approach is facilitating a transition from a content-driven model to a data-driven one, transforming online fitness from content-recommendation to generative-content, enabling us to continuously lead the technological transformation and intelligence evolution in the sports technology industry.

Improving Scalability and Profitability of Self-branded Fitness Products

Despite facing headwinds from weaker-than-expected consumer sentiment and cautious spending, our self-branded fitness products rebounded with an improved product mix and upgrades, solidified their market share, and realized enhancements in both scalability and profitability. This resulted in self-branded fitness product revenue growth of 0.8% year-over-year in 2024 and a significant 15.3% year-over-year increase in gross profit compared to last year. The substantial increase in gross profit was primarily due to (i) our optimized pricing strategy with an increased proportion of high-margin categories (gear and apparel) and higher revenue contribution from new products, (ii) our continuous cost reductions in categories such as gear, wearables, and apparel, which led to improved gross profitability through economies of scale, streamlined manufacturing processes and refined supply chain management. This is reflected in a gross margin expansion to 31.7% in 2024, compared to 27.7% in 2023. These solid gains were primarily due to the successful expansion of product ranges in wearables, fitness gear and apparel. Specifically, our fitness gear and apparel categories saw a year-over-year revenue increase of 16.0% in 2024.

By expanding across multiple scenarios in 2024, we have enhanced our product capabilities via enhanced user mindset that combines sports technology and aesthetic appeal, offering consumers high-quality products from entry-level to advanced options, at attractive prices. At the same time, we continued to optimize operational efficiency to provide a solid foundation for enhancing business resilience.

– **Smart fitness devices:**

  In 2024, wearable products became the centerpiece of our smart devices, and we focused on in-house research and development capabilities and expertise for wearable products. We believe that data-centric wearables can effectively link users across multiple sports scenarios and categories with extended periods for seamless data access and analysis which further solidifies our data foundation. We have developed and iterated four generations of wristbands, and successfully marketed two top-selling models, the B4 and B4 Lite, over the past two years. Cumulatively, the B4 and B4 Lite have recorded sales of over 1.2 million units since their inception. Leveraging our proven technical development capabilities and interactive knowhow on smart wearables, in August 2024, we unveiled our very first smart watch "Keep Watch Pilot 1". This newest addition to our product line received widespread praise from the market, with sales surpassing 12,000 units in about 4 months since its launch.

  Conversely, intelligent large at-home fitness equipment has entered a normalized market phase and we primarily focus on enhancing software connectivity and optimizing the integration of software and hardware for content navigation, in order to stimulate user engagement. For instance, Keep Bike's library of themed outdoor cycling routes expanded to over 103 selections across 6 continents by the end of 2024, now including scenic racing routes with enhanced immersive experience.

– **Complementary fitness products:**

With dedication to product craftsmanship and development, we have successfully created a series of new and distinctive features and functionalities, continuously fueling the competitiveness of Keep's products and driving deeper trust and affection of consumers, particularly in our fitness gear and apparel, where we made notable product improvements in 2024.

- Fitness gear: We focused on increasing market share of core categories (yoga, muscle building, shaping, and small fitness equipment) while rolling out material improvements and product upgrades to address user pain points. We also expanded our product portfolio to the outdoor and swimming categories, launched new products to address niche markets and demographics (youth, men, and advanced users), as well as deployed more sale channels (such as Douyin, Sam's Club, and Family Mart), to consistently drive growth momentum. By identifying demand for indoor-friendly and low-barrier entry-level products, our flagship products (such as coated dumbbells, extra-wide and thick fitness mats, soft rubber kettlebells, weighted counting jump ropes, and multifunctional push-up training boards) have consistently generated solid sales growth and maintained broad market recognition. Building on our successful track records, we have improved functionality and usability by launching popular new items, such as deep tissue massage foam rollers, men's fitness mats, swimming goggles, and youth version of push-up training boards. The features and usability of our gear are consistently being reengineered to align with market needs, boosting an increase in sales as we incorporated more models, styles and technical options that resonate with our consumers. In 2024, we successfully built out additional third-party platforms and wholesale channels to complement our existing sales network, including Sam's Club and Family Mart. These further broadened our sales stream and expanded market visibility of our products.

- Fitness apparel: Our apparel category hit a new milestone in 2024 in terms of both scale and profitability, resulting in total revenue surpassing RMB100 million, representing an increase of 19.0% year-over-year. This demonstrates the increasing consumer recognition and excitement toward our apparel products for comfort and functional elements. We are consistently optimizing resource allocation by accelerating the supply chain responsiveness and the pace of new product launches, refining pricing strategies, carefully managing discount levels, expanding categories into all-season products, rationalizing sales portfolio, and perfecting go-to-market strategies. At the same time, we are continuously optimizing supply chain management to improve efficiency and to streamline our overall operational processes.

As our product portfolio expands in variety and boosts market traction, we continue to enhance product appeal by leveraging user feedback, data connectivity, and improved aesthetic designs, while optimizing pricing strategies across market segments. The expansive range of our fitness product categories will further cement our long-standing position as the preferred choice for intelligent and professional sports products.

Outlook

Despite ongoing internal and external challenges, we made meaningful progress in our operational and financial performance, and we remain optimistic about the opportunities in the booming fitness and wellbeing industry, especially as the market continues to provide opportunities for us to expand through inventive and flexible operations. Looking ahead to 2025, we will capitalize on the vast opportunities fueled by data and generative AI to strengthen our first-mover advantage as a sports technology platform. We will continue to focus on product development and improve user experience as key competitive differentiators. We will continue to leverage our scale and technological advantages to pioneer the application of AI-powered technology and drive monetization initiatives. We will equally focus on improving our business performance and operating efficiency. These strategies will enhance our competitive advantages and profitability. Specifically, we will aim for the following fronts:

(i) concentrate on enhancing and expanding the overall online offerings, develop and apply AI-powered and data-driven application prospects in both domestic and overseas markets, for elevated fitness experiences in a more efficient and distinctive way, in order to expand user base, and scale-up membership subscription revenue;

(ii) diversify our self-branded fitness portfolio to more scenarios, expand and refine our intelligent wearables, gears and apparels categories, with improved product and aesthetics capabilities while boosting profitability; and

(iii) access and expand diverse user segments with deepened engagement and diversified activities, in order to increase user stickiness and explore commercialization opportunities.

FINANCIAL REVIEW

Revenues

Total revenues were RMB2,065.7 million for the year ended December 31, 2024, representing a 3.4% decrease from RMB2,137.8 million for the year ended December 31, 2023, primarily due to a decrease in revenues from online membership and paid content service.

The breakdown of our revenues by segment for the years are presented as follows:

	Year ended December 31,		
	2024	2023	Year-on-year change
	RMB'000	*RMB'000*	*(%)*
Revenues:			
Self-branded fitness products	**953,914**	946,087	0.8
Online membership and paid content	**917,833**	995,760	(7.8)
Advertising and others	**193,947**	195,987	(1.0)
Total	**2,065,694**	2,137,834	(3.4)

Revenues from self-branded fitness products were RMB953.9 million for the year ended December 31, 2024, representing a 0.8% increase from RMB946.1 million for the year ended December 31, 2023. The increase was mainly attributable to the increase in sales of complementary fitness products.

Revenues from online membership and paid content were RMB917.8 million for the year ended December 31, 2024, representing a 7.8% decrease from RMB995.8 million for the year ended December 31, 2023, mainly attributable to a decrease in revenues generated from our online sports events, partially offset by an increase in revenues generated from our online membership subscription.

Revenues from advertising and others were RMB193.9 million for the year ended December 31, 2024, representing a 1.0% decrease from RMB196.0 million for the year ended December 31, 2023, which was relatively stable year-on-year.

Cost of revenues

Cost of revenues was RMB1,100.3 million for the year ended December 31, 2024, representing a 6.5% decrease from RMB1,176.2 million for the year ended December 31, 2023, which has decreased more than the slight decline in our revenues during the same year, primarily due to the success of our cost containment.

	Year ended December 31,		
			Year-on-year
	2024	2023	change
	RMB'000	*RMB'000*	*(%)*
Cost of revenues:			
Self-branded fitness products	**651,467**	683,876	(4.7)
Online membership and paid content	**327,284**	370,085	(11.6)
Advertising and others	**121,511**	122,229	(0.6)
Total	**1,100,262**	1,176,190	(6.5)

Cost of self-branded fitness products was RMB651.5 million for the year ended December 31, 2024, representing a 4.7% decrease from RMB683.9 million for the year ended December 31, 2023, mainly attributable to the decrease of cost of inventories sold due to the optimized product mix and the economies of scale of our self-branded fitness products.

Cost of online membership and paid content was RMB327.3 million for the year ended December 31, 2024, representing a 11.6% decrease from RMB370.1 million for the year ended December 31, 2023, mainly attributable to the decreases of (i) RMB15.8 million in cost of online sports events in corresponding with the decrease in revenue of online sports events; (ii) RMB4.8 million in content related cost as we optimized our IP cost associated with our partnership with third party influencers; and (iii) RMB4.4 million in personnel costs (including related share-based compensation expenses).

Cost of advertising and others was RMB121.5 million for the year ended December 31, 2024, representing a 0.6% decrease from RMB122.2 million for the year ended December 31, 2023 in corresponding with related revenues.

Gross profit and gross profit margin

As a result of the foregoing, gross profit was RMB965.4 million for the year ended December 31, 2024, representing a 0.4% increase from RMB961.6 million for the year ended December 31, 2023. Gross profit margin was 46.7% for the year ended December 31, 2024, representing a 1.7 percentage point increase from 45.0% for the year ended December 31, 2023, mainly attributable to the optimized gross profit margin of self-branded fitness products and online membership and paid content.

Gross profit from self-branded fitness products increased by 15.3% from RMB262.2 million for the year ended December 31, 2023 to RMB302.4 million for the year ended December 31, 2024, mainly attributable to the increased sales of complementary fitness products and the decrease of cost of inventories sold.

Gross profit from online membership and paid content decreased by 5.6% from RMB625.7 million for the year ended December 31, 2023 to RMB590.5 million for the year ended December 31, 2024, mainly attributable to the decrease of revenues generated from our online sports events, partially offset by the decrease of cost of online membership.

Gross profit from advertising and others decreased by 1.8% from RMB73.8 million for the year ended December 31, 2023 to RMB72.4 million for the year ended December 31, 2024, primarily due to the increase in costs associated with integrated online-to-offline advertising campaigns.

Fulfillment expenses

Fulfillment expenses were RMB122.6 million for the year ended December 31, 2024, representing a 21.2% decrease from RMB155.7 million for the year ended December 31, 2023, primarily due to the optimized warehousing, packaging and delivery expenses.

Selling and marketing expenses

Selling and marketing expenses were RMB757.9 million for the year ended December 31, 2024, representing a 33.1% increase from RMB569.3 million for the year ended December 31, 2023. The increase was primarily due to an increase of RMB170.9 million in promotion and advertising expenses, as we introduced more sporting-themed marketing and brand-building activities.

Administrative expenses

Administrative expenses were RMB233.2 million for the year ended December 31, 2024, representing a 11.4% increase from RMB209.3 million for the year ended December 31, 2023, primarily attributable to an increase of RMB18.4 million in administrative personnel costs. The increase in administrative personnel costs was primarily due to the increase in share-based compensation expenses.

Research and development expenses

Research and development expenses were RMB439.0 million for the year ended December 31, 2024, representing a 2.4% decrease from RMB449.7 million for the year ended December 31, 2023, primarily attributable to the decreases of: (i) RMB17.3 million in research and development personnel costs (including related share-based compensation expenses); and (ii) RMB6.6 million in cloud computing service fees as we optimized the related expenses, partially offset by an increase of RMB12.7 million in outsourcing research and development costs for smart fitness devices innovation.

Income tax expense

Our income tax expense was RMB0.6 million for the year ended December 31, 2024 compared to nil for the year ended December 31, 2023. Income tax expense for the year ended December 31, 2024 was composed of a withholding tax for certain royalty license fees.

Fair value changes of convertible redeemable preferred shares

Fair value changes of convertible redeemable preferred shares were nil for the year ended December 31, 2024, compared with RMB1.4 billion for the year ended December 31, 2023. The fair value changes of convertible redeemable preferred shares before the Listing were primarily attributable to changes in the valuation of the Company. We did not record any further fair value changes of the convertible redeemable preferred shares following the Listing as preferred shares liabilities were redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon the Listing.

(Loss)/profit for the year

As a result of the foregoing, loss for the year ended December 31, 2024 was RMB534.7 million, compared with a profit of RMB1.1 billion for the year ended December 31, 2023, primarily attributable to the fair value changes of convertible redeemable preferred shares of nil for the year ended December 31, 2024, compared with RMB1.4 billion for the year ended December 31 2023. Adjusted net loss (non-IFRS measures) was RMB469.6 million and RMB295.4 million for the years ended December 31, 2024 and 2023, respectively.

Non-IFRS measures

To supplement our consolidated financial information, which are presented in accordance with IFRS Accounting Standards as issued by the IASB, we also use adjusted net loss as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We believe adjusted net loss provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of adjusted net loss has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss as (loss)/profit for the year, excluding share-based compensation expenses and fair value changes of convertible redeemable preferred shares. We exclude these items because they do not involve any cash outflow:

– Share-based compensation expenses primarily represent the non-cash employee benefit expenses incurred in connection with the 2016 Plan, the 2021 Plan, and the 2023 Plan. Such expenses in any specific period are not expected to result in future cash payments; and

– Fair value changes of convertible redeemable preferred shares mainly represent changes in the fair value of the convertible redeemable preferred shares issued by us and relate to changes in our valuation. We did not record any further fair value changes of the convertible redeemable preferred shares after the Listing as preferred shares liabilities were redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon the Listing.

The following table reconciles our adjusted net loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is (loss)/profit for the years ended December 31, 2024 and 2023:

	For the year ended December, 31	
	2024	2023
	RMB'000	*RMB'000*
Reconciliation of (loss)/profit to adjusted net loss (Non-IFRS measures):		
(Loss) /profit for the year	**(534,710)**	1,105,908
Adjustments for:		
Share-based payment expenses	**65,104**	30,935
Fair value changes of convertible redeemable preferred shares	**–**	(1,432,261)
Adjusted net loss for the year (Non-IFRS measures)	**(469,606)**	(295,418)

Liquidity and capital resource

For the year ended December 31, 2024, we funded our cash requirements primarily from historical equity financing activities. Our total available funds which we considered in cash management included but not limited to cash and cash equivalents, short-term time deposits, restricted bank deposits and short-term investments. The aggregate amount of our available funds was RMB1.2 billion as of December 31, 2024, compared to RMB1.8 billion as of December 31, 2023. Our cash and cash equivalents primarily consist of cash at bank, highly liquid deposits placed in banks with original maturities of three months or less and cash held at third party payment platform that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Our short-term time deposits were deposits placed in banks with original maturities of three months to one year at the date of acquisition. Our restricted bank deposits represent the minimum required balance of the deposits placed in certain bank account. Short-term investments primarily included wealth management products with maturities or lockup period within one year. As of December 31, 2024, most of the cash and cash equivalents, restricted bank deposits and short-term investments were denominated in U.S. dollar ("**USD**") and RMB. The short-term time deposits were denominated in Singapore dollar as of December 31, 2024.

We had cash and cash equivalents of RMB764.3 million as of December 31, 2024, compared with RMB1.6 billion as of December 31, 2023. The decrease was primarily due to cash outflow from operating activities, investments in financial assets and repurchase of shares.

Significant investments

As at December 31, 2024, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets as of December 31, 2024.

Material acquisitions and/or disposals of subsidiaries, associates and joint ventures

We did not have any material acquisitions and/or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future plans for material investments and capital assets

As of the date of this announcement, we did not have specific future plans for material investments and capital assets.

Employee and remuneration

As of December 31, 2024, the Group had 827 full-time employees, as compared to 955 as at December 31, 2023. Total employee benefits for the year ended December 31, 2024 was RMB647.8 million, compared with RMB639.8 million for the year ended December 31, 2023.

We offer competitive wages and other benefits to the employees and provide discretionary performance bonus as a further incentive. We have also improved career development pathways and talent training systems for employees to facilitate their self-growth. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly.

In accordance with the rules and regulations in the People's Republic of China ("**the PRC**"), we participate in the applicable housing provident funds and various social insurance plans for employees initiated by local and provincial governments. The Group and the PRC based employees are required to make monthly contributions to these plans calculated as a specific percentage of the employees' salaries.

Bank borrowings and gearing ratio

As of December 31, 2024, there is no outstanding borrowings.

As of December 31, 2024, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 0.29, compared with 0.24 as of December 31, 2023.

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Contingent liabilities

As of December 31, 2024, we did not have any material contingent liabilities or guarantees.

Pledge of assets

As of December 31, 2024, there was no material pledge of assets.

Interest rate risk and foreign exchange risk

We are exposed to insignificant interest rate risk. This is primarily attributable to the fact that the Group did not hold any significant assets or liabilities that were carried at floating rates. Our financial assets and liabilities are primarily composed of fixed-rate instruments and, as such, are not subject to frequent fluctuations in interest rates. This strategic financial stance has shielded our operations from the volatility often associated with varying interest rates and has contributed to our stable financial performance.

We operate mainly in the PRC with most of the transactions settled in RMB. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in currencies other than the respective functional currencies of our operating entities.

During the year ended December 31, 2024, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant and we did not hedge against any fluctuation in foreign currency.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenues	*4*	**2,065,694**	2,137,834
Cost of revenues		**(1,100,262)**	(1,176,190)
Gross profit		**965,432**	961,644
Fulfillment expenses		**(122,619)**	(155,652)
Selling and marketing expenses		**(757,903)**	(569,266)
Administrative expenses		**(233,203)**	(209,287)
Research and development expenses		**(438,969)**	(449,700)
Other income		**10,199**	44,137
Other gains, net	*5*	**1,836**	2,539
Operating loss		**(575,227)**	(375,585)
Finance income		**43,298**	54,514
Finance expenses		**(2,197)**	(5,282)
Finance income, net		**41,101**	49,232
Fair value changes of convertible redeemable preferred shares		**–**	1,432,261
(Loss)／profit before income tax		**(534,126)**	1,105,908
Income tax expenses	*6*	**(584)**	–
(Loss)／profit for the year	*7*	**(534,710)**	1,105,908
(Loss)／earnings per share (expressed in RMB per share)	*8*		
Basic		**(1.15)**	3.78
Diluted		**(1.15)**	3.50

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
(Loss) ／profit for the year	**(534,710)**	1,105,908
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Fair value change on convertible redeemable preferred shares due to own credit risk	**–**	(138,007)
Currency translation differences	**10,378**	(260,551)
Other comprehensive income/(expense) for the year attributable to owners of the Company, net of tax	**10,378**	(398,558)
Total comprehensive (expense)/income for the year attributable to owners of the Company	**(524,332)**	707,350

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2024	2023
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**19,367**	17,982
Right-of-use assets		**34,657**	62,256
Intangible assets		**7,455**	11,561
Financial assets at fair value through profit or loss		**54,224**	13,519
Other non-current assets		**54,164**	51,994
		169,867	157,312
Current assets			
Inventories		**136,736**	121,380
Accounts receivable	*9*	**205,191**	228,279
Prepayments and other current assets		**195,486**	174,842
Financial assets at fair value through profit or loss		**433,009**	65,199
Short-term time deposits		**553**	88,960
Restricted bank deposits		**700**	–
Cash and cash equivalents		**764,260**	1,612,769
		1,735,935	2,291,429
Total assets		**1,905,802**	2,448,741
EQUITY			
Equity attributable to owners of the Company			
Share capital		**168**	168
Other reserves		**8,204,827**	8,187,464
Accumulated losses		**(6,849,193)**	(6,314,483)
Total equity		**1,355,802**	1,873,149

		As at December 31,	
		2024	2023
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**17,462**	32,453
Other non-current liability		**5,639**	10,968
		23,101	43,421
Current liabilities			
Accounts payable	*11*	**149,240**	157,417
Accrued expenses		**246,152**	177,355
Other current liabilities		**42,076**	57,838
Contract liabilities		**71,790**	93,280
Borrowings		**–**	10,009
Lease liabilities		**17,641**	36,272
		526,899	532,171
Total liabilities		**550,000**	575,592
Total equity and liabilities		**1,905,802**	2,448,741

Notes:

1. GENERAL INFORMATION

Keep Inc. (the "**Company**") was incorporated in the Cayman Islands on April 21, 2015 as an exempted company with limited liability. The Company's shares have been listed on Main Board of the Stock Exchange on July 12, 2023 (the "**Listing Date**") through global offering. The registered office is at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime TreeBay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "**Group**") are primarily engaged in operating an integrated online and offline platform for fitness service and online retail of fitness related products in the PRC.

Mr. Wang Ning is a single largest shareholder of the Company as at the date of the announcement.

2. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

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

The material accounting policies applied in the preparation of these consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). IFRS Accounting Standards comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2.1.1 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2.1.1 Adoption of new and revised IFRS Accounting Standards

(a) Application of new and revised IFRS Accounting Standards

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

Adoption of Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to IAS 1 "Non-current Liabilities with Covenants" (collectively the "IAS 1 Amendments")

As a result of the adoption of the IAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings 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.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the IAS 1 Amendments.

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

(b) *Revised IFRS Accounting Standards in issue but not yet effective*

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new standards and amendments to standards, which are not effective for the year ended December 31, 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 21 and IFRS 1 – Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The directors of the Company are in the process of making an assessment of what the impacts of these new standards and amendments to standards are expected to be in the period of initial application. So far the directors anticipate that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3 SEGMENT INFORMATION

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows:

- Self-branded fitness products
- Online membership and paid content
- Advertising and others

The CODM assesses the performance of the operating segments mainly based on revenues and gross profit of each operating segment. Thus, segment result would present revenues, cost of revenues and gross profit, which is in line with CODM's performance review.

The cost of revenues for the self-branded fitness products primarily consists of material costs, manufacturing cost and related costs that are directly attributable to the cost of products sold. The cost of revenues for the online membership and paid content primarily consists of cost of online sports events, payment channel fees paid to third-party application stores and other payment channels, and content related cost. The cost of revenues for the advertising and others primarily consists of advertising production cost.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As at December 31, 2024 and 2023, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

There were no material inter-segment sales during the years ended December 31, 2024 and 2023. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statement of profit or loss.

The segment results for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31, 2024			
	Self-branded fitness products	**Online membership and paid content**	**Advertising and others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenues	**953,914**	**917,833**	**193,947**	**2,065,694**
Cost of revenues	**(651,467)**	**(327,284)**	**(121,511)**	**(1,100,262)**
Gross profit	**302,447**	**590,549**	**72,436**	**965,432**

	Year ended December 31, 2023			
	Self-branded fitness products	Online membership and paid content	Advertising and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenues	946,087	995,760	195,987	2,137,834
Cost of revenues	(683,876)	(370,085)	(122,229)	(1,176,190)
Gross profit	262,211	625,675	73,758	961,644

4 REVENUES

The breakdown of revenues for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Self-branded fitness products		
– Online retail sales	**607,308**	680,715
– Wholesale channels sales	**346,606**	265,372
Online membership and paid content	**917,833**	995,760
Advertising and others	**193,947**	195,987
Total	**2,065,694**	2,137,834

Timing of revenue recognition is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognized over time	**1,076,314**	1,160,997
Revenue recognized at a point in time	**989,380**	976,837
Total	**2,065,694**	2,137,834

All the revenues derived from a single external customer were less than 10% of the Group's total revenues for the years ended December 31, 2024 and 2023.

5 OTHER GAINS, NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Net losses on disposal of property and equipment	**(1,051)**	(1,231)
Net fair value gains on financial assets at fair value through profit or loss	**8,077**	57
Investment gains on other financial assets at amortized cost	**434**	–
Net foreign exchange (losses)/gains	**(609)**	1,401
Others	**(5,015)**	2,312
Total	**1,836**	2,539

6 INCOME TAX EXPENSES

Income tax has been recognized in profit or loss as following:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Withholding tax in the PRC		
Current tax-provision for the year	**584**	–

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax for the years ended December 31, 2024 and 2023 have been made as there is no assessable profit subject to Hong Kong Profits Tax.

(c) Singapore Corporate Income Tax

No provision for Singapore Corporate Income Tax for the years ended December 31, 2024 and 2023 have been made as there is no assessable profit subject to Singapore Corporate Income Tax.

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

In accordance with the Enterprise Income Tax Law ("**EIT Law**"), Foreign Investment Enterprises ("**FIEs**") and domestic companies are subject to EIT at a uniform rate of 25%. Beijing Calorie Information Technology Co., Ltd. and Beijing Calorie Technology Co., Ltd. were qualified as a High and New Technology Enterprise ("**HNTE**") since 2017 and 2018 respectively and enjoyed a preferential tax rate of 15% for the years ended December 31, 2024 and 2023. Shenzhen Calorie Sports Technology Co., Ltd. was qualified as a HNTE in 2024, and enjoyed a preferential tax rate of 15% in the year ended December 31, 2024. The other entities incorporated in the PRC are subject to an enterprise income tax at a rate of 25%.

According to the regulations promulgated by the State Tax Bureau of the PRC that was effective from March 2021 to September 2022, enterprises engaging in research and development activities were entitled to claim 175% of their research and development activities incurred when determining their tax assessable profits for that year ("**Super Deduction**"). The State Tax Bureau announced to increase the Super Deduction rate to 200% of their research and development expenses from October 1, 2022 to December 31, 2022. The State Tax Bureau further announced in March 2023 that enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses as Super Deduction from January 1, 2023 onwards.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its entities registered outside of the PRC should be considered as resident enterprises for the PRC tax purposes.

(e) **Withholding tax ("WHT") in Mainland China**

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company incorporated, does not have such tax treaty with China. According to the arrangement between the mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a FIE in China to its immediate holding company in Hong Kong will be subject to WHT at a rate of no more than 5% (if the immediate holding company in Hong Kong is the beneficial owner of the FIE and owns directly at least 25% of the shares of the FIE). In accordance with accounting guidance, all undistributed earnings are presumed to be distributable to the parent company and WHT should be accrued accordingly. All FIEs are subject to the WHT from January 1, 2003. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed dividends will be re-invested and the remittance of the dividends will be postponed indefinitely.

The undistributed earnings and reserves of the Group entities located in the PRC are considered to be indefinitely reinvested, because the Group does not have any present plan to pay any cash dividends on its ordinary shares in the foreseeable future and intends to retain most of its available funds and any future earnings for use in the operation and expansion of its business. Accordingly, no deferred tax liability on 10% WHT of aggregate undistributed earnings and reserves of the Group entities located in the PRC has been accrued that would be payable upon the distribution of those amounts to the Company as at December 31, 2024. As at December 31, 2024 and 2023, the Company did not record any WHT on the retained earnings of its subsidiaries and structured entities in the PRC as they were still in accumulated deficit position.

7 (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cost of self-branded fitness products sold	**623,345**	663,838
Cost of online sports events	**174,661**	190,443
Share-based compensation expenses – non-employee	**165**	(30)
Depreciation of right-of-use assets	**27,999**	38,107
Depreciation of property and equipment	**10,541**	13,838
Amortization of intangible assets	**3,576**	4,422
Credit loss allowances on accounts receivable	**10,576**	22,522
Credit loss allowances on other receivables	**255**	–
Provision for impairment of inventories	**7,092**	3,930
Provision for impairment of intangible assets	**1,169**	–
Listing expenses	**–**	31,077
Auditor's remuneration	**4,159**	7,431
– Audit fee	**3,083**	7,360
– Non-audit fee	**1,076**	71

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the years ended December 31, 2024 and 2023 are calculated by dividing the (loss)/profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the financial year, adjusting exercise of share options and restricted shares units ("**RSUs**") vested, excluding treasury shares held for Share Incentive Plans and ordinary shares repurchased from the market (2023: adjusting issuance of ordinary shares and conversion of redeemable preferred shares relating to the IPO and excluding treasury shares held for Share Incentive Plans).

	Year ended December 31,	
	2024	2023
Net (loss)/profit attributable to owners of the Company (RMB'000)	**(534,710)**	1,105,908
Weighted average number of ordinary shares in issue (thousand shares)	**466,598**	292,302
Basic (loss)/earnings per share (expressed in RMB per share)	**(1.15)**	3.78

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended December 31, 2023
Net profit attributable to owners of the Company (RMB'000)	1,105,908
Weighted average number of ordinary shares in issue (thousand shares)	292,302
Adjustments for RSUs and share options (thousand shares)	23,667
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (thousand shares)	315,969
Diluted earnings per share (expressed in RMB per share)	3.50

As the Company incurred a loss for the year ended December 31, 2024, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amount of diluted loss per share for the year ended December 31, 2024 was the same as basic loss per share.

9 ACCOUNTS RECEIVABLE

The detailed information of accounts receivable is as below:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Accounts receivable	**237,178**	257,701
Less: credit loss allowances	**(31,987)**	(29,422)
Total	**205,191**	228,279

The Group generally allows a credit period of three months to its customers. Aging analysis of accounts receivable based on recognition date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**158,405**	152,530
3 to 6 months	**23,403**	35,947
6 to 9 months	**11,903**	9,149
9 months to 1 year	**2,172**	3,967
Over 1 year	**41,295**	56,108
Total	**237,178**	257,701

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Accounts receivable are denominated in the following currencies:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
RMB	**204,884**	228,279
USD	**307**	–
Total	**205,191**	228,279

10 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2024 and 2023.

11 ACCOUNTS PAYABLE

Accounts payable and their aging analysis based on invoice date are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**149,240**	157,417

Accounts payable are unsecured and are generally paid within three months of invoice date.

The carrying amounts of accounts payable are considered to be the same as their fair values, due to their short-term nature.

Accounts payable are denominated in the following currencies:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
RMB	**145,691**	157,417
USD	**3,549**	–
Total	**149,240**	157,417

12 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after December 31, 2024.

AUDITOR'S OPINION

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended December 31, 2024:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company was incorporated in the Cayman Islands on April 21, 2015 with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on July 12, 2023.

The Company and the Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for deviation from code provision C.2.1 as explained under the paragraph headed "Chairman and Chief Executive Officer" below.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 in Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Mr. Wang Ning (王寧) currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Model Code for Securities Transactions by Directors of Listed Issuers

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

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, the Company repurchased a total of 11,538,500 shares of the Company (the "**Shares Repurchased**") on the Stock Exchange at the aggregate consideration of HK$74,306,444.11 before expenses. The repurchase was conducted to benefit the Company and create value to its Shareholders. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	**No. of Shares Repurchased**	**Price Paid per Share Highest** *(HK$)*	**Lowest** *(HK$)*	**Aggregate Consideration** *(HK$)*
April 2024	1,599,500	8.27	4.04	9,809,529.53
May 2024	1,568,100	8.94	7.33	12,367,102.99
June 2024	2,088,600	7.87	5.82	13,317,778.00
July 2024	950,100	6.65	5.78	5,934,082.06
August 2024	327,000	6.36	5.50	1,916,646.00
September 2024	606,700	6.19	5.18	3,404,853.18
October 2024	2,021,300	8.11	5.76	13,042,710.11
November 2024	1,229,800	6.77	5.59	7,538,379.74
December 2024	1,147,400	6.49	5.69	6,975,362.50
Total	**11,538,500**			**74,306,444.11**

As of December 31, 2024, 8,027,900 of the Shares Repurchased are held as treasury shares by the Company, and 3,510,600 of the Share Repurchased are to be cancelled. Subject to compliance with the Listing Rules, the Company may consider using the treasury shares for funding its share incentive schemes, future resales, transfers or cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained to comply with the minimum public float percentage requirement under Rule 8.08(1) of the Listing Rules at any time during the Reporting Period.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. With terms of reference in compliance with the Listing Rules, the Audit Committee comprises three independent non-executive Directors, namely Ms. Ge Xin (葛新), Mr. Shan Yigang (單一剛) and Mr. Wang Haining (王海寧), with Ms. Ge Xin (葛新) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended December 31, 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members.

Scope of Work of Auditors

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended December 31, 2024 as set out in the annual results announcement have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the annual results announcement.

Use of Proceeds

With the Shares listed on the Stock Exchange on July 12, 2023, the net proceeds from the Global Offering were approximately HK$192.0 million after deducting underwriting commissions and offering expenses, which had been and will continue to be utilized for the purposes as set out in the prospectus of the Company dated June 30, 2023 (the "**Prospectus**").

As of the date of this announcement, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that net proceeds are not immediately used for the intended use and to the extent permitted by the relevant law and regulations, the Company placed the net proceeds as cash and cash equivalents and short-term time deposits only at licensed banks or financial institutions.

The Group will continue to utilize the net proceeds of the Global Offering in accordance with the intended purposes as set out in the Prospectus. The table below sets out the planned allocations of the net proceeds and actual usage up to December 31, 2024:

Intended use of net proceeds	Net proceeds from the Global Offering in the same manner and proportion as stated in the Prospectus approximate	Percentage of total net proceeds as stated in the Prospectus	Net proceeds unutilized as of January 1, 2024	Utilized net proceeds during the year ended December 31, 2024	Net proceeds unutilized as of December 31, 2024	Expected timeline of full utilization of the net proceeds(1)
For research and development to advance our technological capabilities and drive product innovation:	**HK$67.2 million**	**35%**	**HK$67.2 million**	**HK$25.8 million**	**HK$41.4 million**	**Before December 31, 2025**
1. to attract, retain and incentivize our research and development talents to support our research and development initiatives and product innovation and enhance the integration of self-branded fitness products with our online fitness content, thereby enabling a more seamless experience	HK$28.8 million	15%	HK$28.8 million	HK$5.9 million	HK$22.9 million	
2. to invest in Keep smart fitness devices, including conducting continuous research and development and adding new features to our existing offerings, and creating new and innovative products for users with various fitness needs	HK$19.2 million	10%	HK$19.2 million	HK$17.3 million	HK$1.9 million	
3. invest in artificial intelligence, data analysis and technology infrastructure to strengthen our technological capabilities and enhance digital connectivity and interaction among platform participants	HK$19.2 million	10%	HK$19.2 million	HK$2.6 million	HK$16.6 million	

Intended use of net proceeds	Net proceeds from the Global Offering in the same manner and proportion as stated in the Prospectus approximate	Percentage of total net proceeds as stated in the Prospectus	Net proceeds unutilized as of January 1, 2024	Utilized net proceeds during the year ended December 31, 2024	Net proceeds unutilized as of December 31, 2024	Expected timeline of full utilization of the net proceeds[1]
For the development and diversification of our fitness content:	**HK$57.6 million**	**30%**	**HK$57.6 million**	**HK$0.2 million**	**HK$57.4 million**	**Before December 31, 2025**
1. to invest in our in-house, vertically integrated content development capability by increasing the number of recorded fitness courses and live streaming classes and catering to users' diversified preferences, thereby further driving user engagement	HK$23.0 million	12%	HK$23.0 million	HK$0.1 million	HK$22.9 million	
2. to expand our fitness content library and enrich users' experience through other innovative initiatives	HK$17.3 million	9%	HK$17.3 million	HK$0.1 million	HK$17.2 million	
3. to introduce more specialized content and expand into new fitness categories by cultivating more fitness influencers on our platform and collaborating with more fitness professionals	HK$11.5 million	6%	HK$11.5 million	Nil	HK$11.5 million	
4. to expand our content offerings by purchasing more valuable and exclusive fitness intellectual properties and acquiring qualified third-party content to build competitive moats and satisfy the evolving needs of our users	HK$5.8 million	3%	HK$5.8 million	Nil	HK$5.8 million	

Intended use of net proceeds	Net proceeds from the Global Offering in the same manner and proportion as stated in the Prospectus approximate	Percentage of total net proceeds as stated in the Prospectus	Net proceeds unutilized as of January 1, 2024	Utilized net proceeds during the year ended December 31, 2024	Net proceeds unutilized as of December 31, 2024	Expected timeline of full utilization of the net proceeds[(1)]
For the investment in branding and promotion	**HK$48.0 million**	**25%**	**HK$48.0 million**	**HK$26.1 million**	**HK$21.9 million**	**Before December 31, 2025**
1. to be used in user acquisition activities to continue to gain mindshare and attract users across different ages, areas of interest, and locations	HK$23.0 million	12%	HK$23.0 million	HK$4.7 million	HK$18.3 million	
2. to be used in branding activities used to continue to promote our brand and strengthen its image and influence among users	HK$19.2 million	10%	HK$19.2 million	HK$19.1 million	HK$0.1 million	
3. to be used in promotional activities to continue to promote our fitness devices and products through placing ads in social media, holding live streaming promotion sessions and collaborating with other brands, among others	HK$5.8 million	3%	HK$5.8 million	HK$2.3 million	HK$3.5 million	
For general corporate purposes and working capital needs	**HK$19.2 million**	**10%**	**HK$19.2 million**	**HK$5.5 million**	**HK$13.7 million**	**Before December 31, 2025**

Note 1: *The expected timeline is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.*

Dividend

The Board did not recommend the distribution of an annual dividend for the year ended December 31, 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any significant event that might affect the Group since December 31, 2024 and up to the date of this announcement.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE FOURTEENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board is pleased to propose (a) certain amendments to the current articles of association of the Company (the "**Articles of Association**") for the purpose of, *inter alia*, (i) bringing the Articles of Association in line with the Core Shareholder Protection Standards set out in Appendix A1 of the Listing Rules which require, among others, the holding of general meetings which shareholders can attend virtually with the use of technology and cast votes by electronic means; (ii) making other house-keeping amendments to clarify, update and/or modify certain provisions of the Articles of Association in accordance with, or to better align with the applicable laws (collectively, the "**Proposed Articles Amendments**"); and (b) to adopt the Fourteenth Amended and Restated Memorandum and Articles of Association incorporating and consolidating all the Proposed Articles Amendments.

The Proposed Articles Amendments and the adoption of the Fourteenth Amended and Restated Memorandum and Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the forthcoming annual general meeting of the Company scheduled to be held on Wednesday, June 25, 2025 (the "**AGM**") or any adjourned meeting. A circular of the Company containing, inter alia, further details on the aforesaid subject matters, together with a notice of the AGM, will be despatched to the Shareholders (if necessary) in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, June 20, 2025 to Wednesday, June 25, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Wednesday, June 25, 2025. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must 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 no later than 4:30 p.m. on Thursday, June 19, 2025.

CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

The Board has resolved to appoint Ms. Ge Xin, an independent non-executive Director, as a member of the nomination committee of the Company with effect from March 28, 2025. Following the appointment, the nomination committee of the Company will comprise Mr. Shan Yigang as chairperson, Mr. Wang Ning, Mr. Wang Haining and Ms. Ge Xin as members.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **https://keep.com/**. The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders (if necessary) and made available on the same websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
Keep Inc.
Wang Ning
Chairman, Executive Director and Chief Executive Officer

Hong Kong, March 28, 2025

As at the date of this announcement, the executive directors of the Company are Mr. Wang Ning, Mr. Peng Wei and Mr. Liu Dong; and the independent non-executive directors of the Company are Ms. Ge Xin, Mr. Shan Yigang and Mr. Wang Haining.