

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

**POP MART**

**POP MART INTERNATIONAL GROUP LIMITED**

**泡泡瑪特國際集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9992)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**ANNUAL RESULTS HIGHLIGHTS**

	For the year ended 31 December		
	2022	2021	Change
	RMB'000	RMB'000	(%)
Revenue	<b>4,617,324</b>	4,490,651	2.8%
Gross profit	<b>2,654,543</b>	2,758,624	-3.8%
Operating profit	<b>583,380</b>	1,149,812	-49.3%
Profit before income tax	<b>639,529</b>	1,171,191	-45.4%
Profit for the year	<b>475,801</b>	854,567	-44.3%
Profit attributable to owners of the Company	<b>475,660</b>	854,339	-44.3%
Non-IFRS adjusted net profit	<b>573,540</b>	1,001,635	-42.7%
Basic earnings per share (RMB)	<b>0.35</b>	0.62	-43.5%
Diluted earnings per share (RMB)	<b>0.35</b>	0.62	-43.5%

The board of directors (the “**Board**”) of Pop Mart International Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and consolidated affiliated entities (the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”). The content of this annual results announcement has 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, and has been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) issued by the International Auditing and Assurance Standards Board (“**IAASB**”). 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**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2022	2021
		RMB'000	RMB'000
Revenue	3	4,617,324	4,490,651
Cost of sales	4	<u>(1,962,781)</u>	<u>(1,732,027)</u>
<b>Gross profit</b>		<b>2,654,543</b>	<b>2,758,624</b>
Distribution and selling expenses	4	(1,470,753)	(1,106,078)
General and administrative expenses	4	(686,280)	(557,509)
Provision for impairment loss on financial assets		(4,500)	(1,435)
Other income	5	45,572	54,425
Other gains – net	6	<u>44,798</u>	<u>1,785</u>
<b>Operating profit</b>		<b>583,380</b>	<b>1,149,812</b>
Finance income	7	67,682	28,609
Finance expenses	7	<u>(38,579)</u>	<u>(21,246)</u>
Finance income – net	7	<u>29,103</u>	<u>7,363</u>
Share of profit of investments accounted for using the equity method		<u>27,046</u>	<u>14,016</u>
<b>Profit before income tax</b>		<b>639,529</b>	<b>1,171,191</b>
Income tax expense	8	<u>(163,728)</u>	<u>(316,624)</u>
<b>Profit for the year</b>		<b>475,801</b>	<b>854,567</b>
<b>Profit is attributable to:</b>			
– Owners of the Company		475,660	854,339
– Non-controlling interests		<u>141</u>	<u>228</u>
		<b>475,801</b>	<b>854,567</b>

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss			
– Currency translation differences		<u>31,397</u>	<u>(12,629)</u>
Items that will not be reclassified to profit or loss			
– Currency translation differences		<u>379,648</u>	<u>(102,926)</u>
<b>Other comprehensive income/(loss)</b>			
<b>for the year, net of tax</b>			
		<u>411,045</u>	<u>(115,555)</u>
<b>Total comprehensive income for the year</b>			
		<u>886,846</u>	<u>739,012</u>
<b>Total comprehensive income for the year</b>			
<b>attributable to:</b>			
– Owners of the Company		<u>886,633</u>	<u>738,816</u>
– Non-controlling interests		<u>213</u>	<u>196</u>
		<u>886,846</u>	<u>739,012</u>
<b>Earnings per share for profit attributable to</b>			
<b>owners of the Company</b>			
– Basic (expressed in RMB per share)	<i>10</i>	<u>0.35</u>	<u>0.62</u>
– Diluted (expressed in RMB per share)	<i>10</i>	<u>0.35</u>	<u>0.62</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2022	2021
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		448,884	366,281
Intangible assets		146,507	134,032
Right-of-use assets		701,627	609,517
Investments accounted for using the equity method		83,333	61,539
Financial assets at fair value through profit or loss		459,034	328,688
Prepayments and other non-current assets		44,165	30,727
Deferred income tax assets		80,977	35,553
		<u>1,964,527</u>	<u>1,566,337</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Trade receivables	11	194,369	171,334
Other receivables		187,831	154,939
Inventories		866,985	788,829
Prepayments and other current assets		298,722	353,580
Financial assets at fair value through profit or loss		12,829	20,544
Restricted cash		13,265	3,353
Term deposits with initial term over three months and within one year		4,356,220	–
Cash and cash equivalents		685,314	5,264,710
		<u>6,615,535</u>	<u>6,757,289</u>
<b>Total current assets</b>			
		<u>8,580,062</u>	<u>8,323,626</u>
<b>Total assets</b>			

		As at 31 December	
	Note	2022	2021
		RMB'000	RMB'000
<b>Equity</b>			
Share capital	12	908	923
Shares held for share award scheme		(14)	(15)
Other reserves		4,693,043	5,023,583
Retained earnings		2,269,351	1,793,691
		<u>6,963,288</u>	<u>6,818,182</u>
<b>Equity attributable to owners of the Company</b>			
Non-controlling interests in equity		2,037	1,824
		<u>6,965,325</u>	<u>6,820,006</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
License fees payables	14	21,306	46,371
Lease liabilities		447,564	364,543
Deferred income tax liabilities		15,120	—
		<u>483,990</u>	<u>410,914</u>
<b>Total non-current liabilities</b>			
<b>Current liabilities</b>			
Trade payables	13	259,006	266,098
License fees payables	14	133,517	86,004
Other payables		308,791	266,902
Contract liabilities		88,797	119,624
Lease liabilities		293,567	256,909
Current income tax liabilities		47,069	97,169
		<u>1,130,747</u>	<u>1,092,706</u>
<b>Total current liabilities</b>			
<b>Total liabilities</b>		<u>1,614,737</u>	<u>1,503,620</u>
<b>Total equity and liabilities</b>		<u><u>8,580,062</u></u>	<u><u>8,323,626</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

POP MART INTERNATIONAL GROUP LIMITED (the “**Company**”) was incorporated in the Cayman Islands on 9 May 2019 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. The address of the Company’s registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the product design and development and sale of pop toys in the People’s Republic of China (the “**PRC**”) and certain overseas countries and regions. The ultimate holding company of the Company is GWF Holding Limited (formerly known as Grant Wang Holding Limited), which is controlled by Mr. Wang Ning and his spouse, Ms. Yang Tao.

On 11 December 2020, the Company has successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2023.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the year presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

### 2.1 Basis of preparation

#### (i) *Compliance with IFRS and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRS**”) issued by International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

#### (ii) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value.

#### (iii) *New and amended standards adopted by the Group*

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

Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.



#### 4 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of inventories included in cost of sales	1,693,530	1,445,001
Employee benefit expenses	853,595	669,725
Depreciation of right-of-use assets	330,124	221,698
Depreciation on property, plant and equipment	193,922	161,834
Advertising and marketing expenses	233,421	157,552
Transportation and logistics expenses	182,703	141,259
Commissions and E-commerce platform service charges	137,070	123,895
Design and license fees	84,026	104,674
Expenses relating to short-term leases and variable leases not included in lease liabilities	79,207	86,318
Amortisation of intangible assets	80,771	51,470
Taxes and surcharges	28,027	30,680
Cost of moulds with useful lives within one year	18,135	17,155
Commissions to roboshop partners	1,301	6,674
Auditor's remuneration	5,893	6,250
– Audit services	4,500	4,500
– Non-audit services	1,393	1,750
Impairment of inventory	3,692	1,318
Others	194,397	170,111
<b>Total</b>	<b>4,119,814</b>	<b>3,395,614</b>

#### 5 OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
License fees income	32,498	37,656
Government grants (i)	11,601	15,353
Promotion Service Fees	658	740
Others	815	676
<b>Total</b>	<b>45,572</b>	<b>54,425</b>

- (i) The amounts represent government grants related to income which are received from the local government for the contribution to the local economic growth. These grants are recognised in consolidated statement of profit or loss and other comprehensive income upon the receipt. There are no unfulfilled conditions or contingencies relating to these grants.



**6 OTHER GAINS – NET**

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in fair value of financial instruments at fair value through profit or loss	49,479	15,262
Donation	(3,273)	(10,896)
Exchange loss	(556)	(3,302)
Impairment loss recognised in respect of property, plant and equipment and right-of-use assets	(1,012)	–
Others	160	721
<b>Total</b>	<b>44,798</b>	<b>1,785</b>

**7 FINANCE INCOME – NET**

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance income</b>		
– Interest income	67,682	28,609
<b>Finance expenses</b>		
– Interest expenses on lease liabilities	(34,057)	(21,186)
– Interest expenses on license fees payables	(4,522)	(60)
<b>Finance income – net</b>	<b>29,103</b>	<b>7,363</b>

**8 INCOME TAX EXPENSE**

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	194,032	329,090
– Hong Kong profits tax	438	73
– The Mainland China corporate income tax	193,594	329,017
Deferred income tax	(30,304)	(12,466)
<b>Income tax expense</b>	<b>163,728</b>	<b>316,624</b>

**(a) Cayman Island and BVI Income Tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to the Cayman Island income tax pursuant to the current laws of the Cayman Islands. The group entity incorporated or registered under the Business Companies Act of BVI are exempted from BVI income tax pursuant to the current laws of the BVI.

**(b) Hong Kong Profits Tax**

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entities will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate 16.5%. Hong Kong profits tax has been provided at the rate of 16.5% on the Group's estimated assessable profit for the year ended 31 December 2022 (2021: 16.5%).

**(c) Mainland China Corporated Income Tax ("CIT")**

The income tax provision of the Group in respect of operations in the mainland China has been calculated at the tax rate of 25% on the estimated assessable profit for the years ended 31 December 2022 (the year ended 31 December 2021: 25%), based on the existing legislation, interpretations and practices in respect thereof.

A group entity has been granted certain tax concessions to small scale entities by tax authorities in the mainland China whereby the subsidiaries operating in the respective jurisdictions are entitled to tax concessions.

**(d) Mainland China Withholding Tax ("WHT")**

According to the applicable mainland China tax regulations, dividends distributed by a company established in the mainland China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the mainland China and Hong Kong, the relevant withholding tax rate will be 5%.

As at 31 December 2022, the aggregate undistributed earnings of the Group's subsidiaries incorporated in the mainland China are RMB2,040,482,000 (as at 31 December 2021: RMB1,715,409,000). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future, and that the Company has the ability to control the timing of the distribution from these subsidiaries. Accordingly, despite an assessable temporary difference on such retained earnings exists, no deferred income tax liability has been recognised in the consolidated financial statements.

## **9 DIVIDENDS**

Pursuant to a resolution passed on 1 June 2022, the shareholders of the Company approved a final dividend of RMB15.24 cents per ordinary share of the Company, amounting to RMB209,490,000 (which are net of the dividend of RMB3,500,000 attributable to the shares held for the share award scheme) for the year ended 31 December 2021. As at 31 December 2022, all dividends have been paid.

The Board recommended the payment of a final dividend of RMB8.70 cents per ordinary share of the Company issued for the year ended 31 December 2022, representing an aggregate amount of RMB118,980,000 based on the total issued share capital of the Company as of the date of approval of this consolidated financial statements. In the event of change in the total issued share capital of the Company before the record date for dividend payment, dividends will be distributed per share and the total distribution amount will be adjusted accordingly.

The proposed dividend payment is subject to the approval by the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting (the "AGM") to be held on 17 May 2023 and is payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People's Bank of China on 17 May 2023. Upon Shareholders' approval, such dividend will be paid on 8 June 2023 to the Shareholders whose names shall appear on the register of members of the Company on 29 May 2023.

The proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of distributable reserves for the year ending 31 December 2023.

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held for Share Award Scheme and shares repurchased during the year ended 31 December 2022 and 2021.

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
Profit attributable to owners of the Company (RMB'000)	<b>475,660</b>	854,339
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme and shares repurchased (in thousands)	<b>1,365,984</b>	1,377,954
Basic earnings per share (expressed in RMB per share)	<b>0.35</b>	0.62

### (b) Dilute earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2022 and ended 31 December 2021 is set out below:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
Profit attributable to owners of the Company (RMB'000)	<b>475,660</b>	854,339
Profit used to determine diluted earnings per share (RMB'000)	<b>475,660</b>	854,339
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme and shares repurchased (in thousands)	<b>1,365,984</b>	1,377,954
Adjustment for		
– Restricted Shares granted and assumed vested (in thousands)	<b>557</b>	873
Weighted average number of shares for diluted earnings per shares (in thousands)	<b>1,366,541</b>	1,378,827
Dilute earnings per share (expressed in RMB per share)	<b>0.35</b>	0.62

For the year ended 31 December 2022 and 2021, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised shares which may be granted and assumed vested under the Post-IPO Share Award Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding shares granted under the Post-IPO Share Award Scheme (defined as the "Restricted Shares"). The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Restricted Shares.

## 11 TRADE RECEIVABLES

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Trade receivables (a)		
– Third parties	<b>110,310</b>	120,273
– Related parties	<b>91,350</b>	54,255
<b>Subtotal</b>	<b>201,660</b>	174,528
Less: provision for impairment allowance (b)	<b>(7,291)</b>	(3,194)
<b>Total trade receivables</b>	<b>194,369</b>	171,334

- (a) For trade receivables from retail store sales, roboshop sales and online sales, the amounts are usually settled in cash, by credit/debit cards or through online payment platforms. For wholesale transactions, trade receivables are settled within the credit terms as agreed in sales contracts. The majority of these wholesalers are with credit terms of 30 to 90 days. Certain customers with good history and long-term relationship are extended preferential credit terms of up to 180 days.

An aging analysis of the trade receivables based on invoice date is as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Within 3 months	<b>181,339</b>	162,250
3 months to 6 months	<b>16,759</b>	10,476
Over 6 months	<b>3,562</b>	1,802
<b>Total</b>	<b>201,660</b>	174,528

- (b) The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. Note 3.1 provides for details about the calculation of the allowance.

Movements in allowance for impairment of trade receivables is as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
<b>As at 1 January</b>	<b>3,194</b>	2,265
Provision for impairment allowance	<b>4,097</b>	929
<b>As at 31 December</b>	<b>7,291</b>	3,194

(c) Trade receivables are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	116,558	148,088
HKD	59,727	23,246
TWD	13,202	–
NZD	3,164	–
Others	1,718	–
	<u>194,369</u>	<u>171,334</u>

(d) All trade receivables' carrying amounts approximate fair values.

## 12 SHARE CAPITAL

Authorised:

	Number of ordinary shares	Nominal value of ordinary shares USD'000
Ordinary shares of US\$0.0001 each		
On 1 January 2021, 31 December 2021 and 31 December 2022	<u>5,000,000,000</u>	<u>500</u>

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Nominal value of ordinary shares RMB'000	Number of preferred shares	Nominal value of preferred shares USD'000	Nominal value of preferred shares RMB'000
At 1 January 2022, 31 December 2021,						
1 January 2021	1,401,937,550	141	923	–	–	–
Shares repurchased and cancelled(i)	(21,397,000)	(2)	(15)	–	–	–
At 31 December 2022	<u>1,380,540,550</u>	<u>139</u>	<u>908</u>	<u>–</u>	<u>–</u>	<u>–</u>

(i) During the year ended 31 December 2022, the Company repurchased a total of 34,347,400 its own ordinary shares on the Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately RMB634,310,000. As at 31 December 2022, the Company cancelled a total of 21,397,000 shares amount of approximately RMB447,915,000.

### 13 TRADE PAYABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Merchandise payables	<b>259,006</b>	266,098

The credit terms of merchandise payables granted by the suppliers are usually current to 180 days. At 31 December 2022 and 2021, the aging analysis of the merchandise payables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	100,317	99,606
30 to 90 days	75,632	122,444
90 to 180 days	46,039	19,447
Over 180 days	37,018	24,601
<b>Total</b>	<b>259,006</b>	266,098

### 14 LICENSE FEES PAYABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
License fees payables	154,823	132,375
Less: non-current portion	(21,306)	(46,371)
<b>Current portion</b>	<b>133,517</b>	86,004

The Group entered into various license agreements with artists to obtain exclusive and non-exclusive Licensed IPs. Pursuant to the license agreements, fixed minimum payments are payable in tranches during the contracted term while variable payments that depend on sales are payable in the period in which the condition that triggers those payments occurs.

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Analysis of license fees payables:</b>		
Non-current	21,306	46,371
– the first to second year	16,614	26,674
– the second to fifth year	3,342	16,346
– more than five years	1,350	3,351
<b>Current</b>	<b>133,517</b>	86,004

The license fees payables are mainly denominated in RMB, USD and HKD.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2022, many major regions and cities were subject to travelling restrictions because of the recurring COVID-19 epidemic which resulted in short-term influences on the economy and consumer confidence of such locations and dramatically affected the consumer industry. In this context, we encountered unprecedented multiple challenges. Our physical stores, roboshops and online logistics were all affected to varying degrees. To cope with such complexities brought about by the epidemic, we insisted on focusing on operations, continued to promote brand building, created a flexible supply chain, strengthened the construction of internal information systems, and continuously improved the efficiency of organizational synergy to reduce the impact caused by the external environment.

As a pioneer and key promoter of pop toy culture in China, despite the challenges in 2022, we still achieved annual revenue of RMB4,617.3 million, representing a year-on-year increase of 2.8%, and accumulated 26,004 thousand registered members. While the domestic market grew steadily, we accelerated our expansion to international markets in 2022, and our overseas revenue continued to grow at a rapid pace, with a year-on-year increase of 147.1%.

#### Artists Development and IP Operation

Creative designs and IP operation are essential for us and the key driving forces for the development of Pop Mart. In 2022, we continuously launched IPs with diversified styles, enhanced product innovation, and enriched our types of IPs to meet the demands of different groups of customers.

The performance of our top IPs remained strong. Revenue generated from SKULLPANDA, MOLLY and DIMOO amounted to RMB851.6 million, RMB802.2 million and RMB577.9 million in 2022, respectively. SKULLPANDA continued to grow and recorded a year-on-year increase of 43.1%. Specifically, revenue from the sales of City of Night, the fifth series of SKULLPANDA launched in January 2022, amounted to RMB228.4 million as of 31 December 2022; and revenue from MOLLY, a classic IP launched before 16 years ago, still achieved a year-on-year increase of 13.8%. IPs launched by our in-house design team PDC (Pop Design Center) also recorded an outstanding performance in 2022. Sweet Bean and Hirono achieved revenue of RMB147.9 million and RMB140.8 million, respectively, with Hirono experienced a year-on-year increase of 169.4%. The total revenue for the year of 2022 of Little Mischievous series amounted to RMB71.3 million. In addition, PINO JELLY, Z siga and other new IPs also well received by the market. We continued to seek for external excellent artists. In 2022, we launched new contracted IPs such as HACIPUPU and NORI (小諾), which were recognized by the market. Moreover, we collaborated with external copyright owners to launch a series of pop garage kits such as the Conjuring (招魂) Universe series and classic figure of World of Warcrafts (魔獸世界) series, which also helped us attracting a more wider range of public.

MEGA is a high-end brand for our promotion of “pop toy as art”. In 2022, we continuously developed “MEGA Collection Series”, with the expectation of creating high-end pop toy collection characterized by both fashion and art elements. Cooperated with artists, such as Han Meilin, Hiroto Ohkubo and Jean-Michel Basquiat, we launched artist co-branded model and integrated pop toys with art. Moreover, we also launched co-branded models with Mickey/Minnie, Pink Panther, Care Bears and other IPs to create synergy between pop IPs and classic IPs. We also launched co-branded models by collaborating with the renowned brands such as Coca-Cola and Moncler. In addition to MOLLY, we also launched products under MEGA Collection Series for DIMOO, SKULLPANDA and LABUBU with continuous exploration on potential of high-end pop toys. Following the two product categories under 1000% and 400%, we launched 100% SPACE MOLLY anniversary series, which were well received by the market. In 2022, revenue of the MEGA Collection Series amounted to RMB466.8 million.

In 2022, we accelerated innovation in products and enriched our categories while continuously launching creative items. In June 2022, we launched POP BEAN product line, providing a new consumption experience for fans with new Q version image as well as small and exquisite shape, couple with the “Moderate DIY” interaction. In 2022, we launched 3 POP BEAN series in total, covering over ten popular IPs, such as MOLLY, DIMOO, SKULLPANDA and LABUBU, which were popular among fans. Apart from pop figures, we made continuous efforts in developing new categories with an aim to demonstrate images and connotation of IPs in more vivid way. In 2022, our LABUBU rotocasting plush dolls, scenario figures of Romantic Ring Box series, and DIMOO COTTON DOLL have been well received among fans. Our LABUBU rotocasting plush dolls vividly expressed IP’s own characters and broke away from traditional category definition and design pattern. Through repeated iteration on design and supply chain, we will develop such category in the long run and develop more categories to further express IPs’ characters with continuous innovation.

## **Consumer Access**

### **– *Offline channels***

In 2022, in response to the uncertainties of the COVID-19 pandemic, we slowed down the pace of opening physical stores and roboshops. In 2022, we opened 49 new physical stores in Mainland China. The number of physical stores increased from 288 as at the end of 2021 to 329<sup>1</sup> as at the end of 2022. In 2022, we opened 206 new roboshops in Mainland China. The number of roboshops increased from 1,861 as at the end of 2021 to 2,067 as at the end of 2022.

### **– *Online channels***

Pop Draw is a mini program independently invented and developed by us on WeChat platform, aiming to create fun and interesting shopping experience. In 2022, revenue amounted to RMB954.7 million. In 2022, revenue from JD.com flagship store was RMB137.9 million. Our Tmall flagship store recorded revenue of RMB462.4 million in 2022. We have ranked top in sales within the toy category during Tmall Singles Day shopping festival for the fourth consecutive year.

---

<sup>1</sup> In 2022, due to lease expiration and other commercial reasons, we closed 8 stores



– ***Member operation***

By continuously expanding our channels and enhancing our IP and products portfolio, and omni-channel member operation, the scale of our user digitalization grew rapidly. As of 31 December 2022, the total number of registered members increased from 19.58 million as at the end of 2021 to 26.004 million, among which 6.424 million were newly registered members. In 2022, the sales contributed by our members represent 93.1% of total sales, with a repeat purchase rate of 50.7%<sup>2</sup> from our members.

– ***Hong Kong, Macao, Taiwan and overseas channels***

The implementation of our DTC (Direct To Customer) strategy for Hong Kong, Macao, Taiwan and overseas business was accelerated. As at the end of 2022, the number of our physical stores in Hong Kong, Macao, Taiwan and overseas was 43 (including joint ventures and franchise), the number of our roboshops in Hong Kong, Macao, Taiwan and overseas was 120 (including joint ventures and franchise), and the number of cross-border e-commerce platforms reached 13. While expanding its offline channels in Asia area, we have opened our first physical stores in the United Kingdom, New Zealand, the United States, and Australia in 2022. With the continuous expansion of offline and online channels, the influence of Pop Mart’s brand and products in the world is increasing.

**Pop Toy Culture Promotion and Innovative Business Incubation**

In 2022, we established a GONG Studio, where boundless hard-core derivative brands under the Group are designed, aiming to continuously enrich our product form and broaden our fan base. In 2022, the GONG Studio launched 4 series with 8 products in total, which included movable alloyed action figures, sculptures, action figures and cutouts. We gained good reputation by the movable alloyed action figure, Buzz Lightyear for its highly restorative design and exquisite craftsmanship.

Being a youth contemporary art operation organization under Pop Mart, inner flow engaged in artist agency, art exhibitions and the development, sales and operation of artistic derivatives. It dedicated efforts to the multi-channel promotion of youth art, creating a new culture of classic, unique and avant-garde contemporary art. In 2022, inner flow organized individual exhibition for contracted artist Lang and MEIYING, and set up an independent exhibition unit in TANK Shanghai on the west coast of Shanghai (上海西岸·油罐藝術公園) during the Shanghai Art Season, exhibiting the works of 12 domestic and foreign artists. In November 2022, inner flow presented original works and limited art sculptures by its cooperative artists at ART021 SHANGHAI. Currently, inner flow has signed and cooperated with almost existing 40 domestic and foreign young artists, and has reached strategic cooperation with many excellent institutions in the industry.

The first virtual pop toy exhibition of Pop Mart “Future Assumption” virtual pop toy week was held online in December 2022, on which hundreds of pop toy works from the world’s top artists were exhibited, creating an immersive experience to fans with science and technology.

---

<sup>2</sup> The proportion of members who made purchase for twice or more in 2022

With the continuous development of international business, we further promoted pop toy culture overseas by participating in large-scale overseas exhibitions, holding IP-themed exhibitions in shopping malls and artists' signing meetings. Pop Mart held the Hirono Theme Exhibition and the Sweet Bean Theme Exhibition in Singapore, offering an immersive experience of pop culture and art to local consumers in July and November 2022, respectively. In October and November 2022, we also participated in MCM London Comic Con, MCM Birmingham Comic Con, DesignerCon in America, and Tokyo ComicCon, respectively and a large number of local pop toy lovers were attracted by our exhibited pop figures as SKULLPANDA, MOLLY and DIMOO.

## FINANCIAL REVIEW

### Sales Revenue

Revenue of the Company increased from RMB4,490.7 million in 2021 to RMB4,617.3 million in 2022, representing a year-on-year increase of 2.8%.

### Revenue by channels

Revenue of the Company is generated in Mainland China and Hong Kong, Macao, Taiwan and overseas: 1. offline channels; 2. online channels; and 3. wholesales channels and others. The following table sets out the Company's revenue by channels in 2022 and 2021:

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Revenue RMB'000	Gross profit margin	Proportion of revenue	Revenue RMB'000	Gross profit margin	Proportion of revenue
Mainland China						
Offline channels	2,069,942	60.7%	44.8%	2,137,989	63.5%	47.6%
Online channels	1,829,809	57.8%	39.6%	1,861,483	64.2%	41.5%
Wholesales and others	263,635	35.6%	5.8%	307,464	41.7%	6.8%
<b>Total</b>	<b>4,163,386</b>	<b>57.8%</b>	<b>90.2%</b>	<b>4,306,936</b>	<b>62.3%</b>	<b>95.9%</b>
Hong Kong, Macao, Taiwan and overseas						
Offline channels	150,768	73.4%	3.2%	5,200	74.0%	0.1%
Online channels	90,224	74.5%	2.0%	41,162	58.2%	0.9%
Wholesales and others	212,946	32.6%	4.6%	137,353	36.1%	3.1%
<b>Total</b>	<b>453,938</b>	<b>54.5%</b>	<b>9.8%</b>	<b>183,715</b>	<b>42.1%</b>	<b>4.1%</b>
<b>Grand total</b>	<b>4,617,324</b>	<b>57.5%</b>	<b>100.0%</b>	<b>4,490,651</b>	<b>61.4%</b>	<b>100.0%</b>

(1) *Mainland China*

- **Offline channels.** Revenue from offline sales decreased by 3.2% from RMB2,138.0 million in 2021 to RMB2,069.9 million in 2022. The table below sets forth a breakdown of revenue from offline sales and the city tier:

	For the year ended 31 December 2022		For the year ended 31 December 2021		Change
	Revenue <i>RMB'000</i>	Proportion of revenue	Revenue <i>RMB'000</i>	Proportion of revenue	
Retail stores	1,691,112	81.7%	1,670,174	78.1%	1.3%
Roboshops	378,830	18.3%	467,815	21.9%	-19.0%
<b>Total</b>	<b>2,069,942</b>	<b>100.0%</b>	<b>2,137,989</b>	<b>100.0%</b>	<b>-3.2%</b>

City tier	Retail stores				Roboshops			
	For the year ended 31 December 2022		2021		For the year ended 31 December 2022		2021	
	Number	Revenue <i>(RMB'000)</i>	Number	Revenue <i>(RMB'000)</i>	Number	Revenue <i>(RMB'000)</i>	Number	Revenue <i>(RMB'000)</i>
First-tier cities <sup>3</sup>	123	684,944	113	797,520	559	100,293	553	145,851
New first-tier cities <sup>4</sup>	95	490,952	84	479,902	634	118,727	594	153,223
Second-tier and other cities <sup>5</sup>	111	515,216	91	392,752	874	159,810	714	168,741
<b>Total</b>	<b>329</b>	<b>1,691,112</b>	<b>288</b>	<b>1,670,174</b>	<b>2,067</b>	<b>378,830</b>	<b>1,861</b>	<b>467,815</b>

- **Retail stores.** Revenue from retail store sales increased by 1.3% year-on-year from RMB1,670.2 million in 2021 to RMB1,691.1 million in 2022. A total of 232 retail stores shut down for one week to three months given the “COVID-19” pandemic in 2022, causing a significant impact on the offline sales. As of 31 December 2022, the number of retail stores increased by 41 as compared to 31 December 2021. As of 31 December 2022, there were a total of 329 retail stores.
- **Roboshops.** Revenue from roboshop sales decreased by 19.0% year-on-year from RMB467.8 million in 2021 to RMB378.8 million in 2022. A total of 627 roboshops shut down for one week to three months given the pandemic outbreaks in numerous locations in 2022, causing a significant impact on the offline sales. As of 31 December 2022, the number of roboshops increased by 206 as compared to 31 December 2021. As of 31 December 2022, there were a total of 2,067 roboshops.

<sup>3</sup> Refer to first-tier cities in Mainland China, including Beijing, Shanghai, Guangzhou and Shenzhen

<sup>4</sup> Refer to new first-tier cities in Mainland China, including Chengdu, Chongqing, Hangzhou, Wuhan, Xi'an, Zhengzhou, Qingdao, Changsha, Tianjin, Suzhou, Nanjing, Dongguan, Shenyang, Hefei and Foshan

<sup>5</sup> Refer to cities other than first-tier cities and new first-tier cities in Mainland China

- **Online channels.** Revenue from online sales decreased by 1.7% from RMB1,861.5 million in 2021 to RMB1,829.8 million in 2022. The table below sets forth a breakdown of revenue from online sales.

	For the year ended 31 December 2022		For the year ended 31 December 2021		Increase
	Revenue (RMB' 000)	Proportion of revenue	Revenue (RMB' 000)	Proportion of revenue	
Pop Draw	954,678	52.2%	921,469	49.5%	3.6%
Tmall flagship store	462,394	25.3%	598,865	32.2%	-22.8%
JD.com flagship store	137,885	7.5%	143,229	7.7%	-3.7%
Other online channels	274,852	15.0%	197,920	10.6%	38.9%
<b>Total</b>	<b>1,829,809</b>	<b>100.0%</b>	<b>1,861,483</b>	<b>100.0%</b>	<b>-1.7%</b>

Online revenue sources in Mainland China include Pop Draw, Tmall flagship store, JD.com flagship store and other online channels. In particular, revenue from Pop Draw increased by 3.6% from RMB921.5 million in 2021 to RMB954.7 million in 2022; revenue from Tmall flagship store decreased by 22.8% from RMB598.9 million in 2021 to RMB462.4 million in 2022; revenue from JD.com flagship store decreased by 3.7% from RMB143.2 million in 2021 to RMB137.9 million in 2022. The decrease in revenue from online channels in 2022 was primarily due to the impact of the pandemic on the logistics and consumption of consumers.

- **Wholesales and others.** Revenue from wholesales and others decreased by 14.3% from RMB307.5 million in 2021 to RMB263.6 million in 2022, primarily due to effects of the pandemic on our distributor, Nanjing Pop Mart, whose procurement from Beijing Pop Mart Culture & Creative Co., Ltd. reduced due to the decreased store sales.

(2) *Hong Kong, Macao, Taiwan and Overseas*

- **Offline channels.** Revenue from offline sales increased by 2,799.4% from RMB5.2 million in 2021 to RMB150.8 million in 2022.

	For the year ended 31 December 2022		For the year ended 31 December 2021		Change
	Revenue RMB'000	Proportion of revenue	Revenue RMB'000	Proportion of revenue	
Retail stores	135,559	89.9%	3,212	61.8%	4,120.4%
Roboshops	15,209	10.1%	1,988	38.2%	665.0%
<b>Total</b>	<b>150,768</b>	<b>100.0%</b>	<b>5,200</b>	<b>100.0%</b>	<b>2,799.4%</b>

**Retail stores.** Revenue from retail store sales increased by 4,120.4% year on year from RMB3.2 million in 2021 to RMB135.6 million in 2022, primarily due to an increase of 21 retail stores as of 31 December 2022 compared with that as of 31 December 2021. As of 31 December 2022, there were a total of 28 retail stores with more retail stores covering more regions and countries on the way.

**Roboshops.** Revenue from roboshop sales increased by 665.0% year on year from RMB2.0 million in 2021 to RMB15.2 million in 2022, primarily due to an increase in the number of roboshops. As of 31 December 2022, the number of roboshops increased by 40 from that as of 31 December 2021. As of 31 December 2022, there were a total of 49 roboshops with more roboshops covering more regions and countries on the way.

- **Online channels.** Revenue from online sales increased by 119.2% from RMB41.2 million in 2021 to RMB90.2 million in 2022. The table below sets forth a breakdown of revenue from online sales.

	For the year ended 31 December 2022		For the year ended 31 December 2021		Increase
	Revenue <i>RMB'000</i>	Proportion of revenue	Revenue <i>RMB'000</i>	Proportion of revenue	
Shopify	27,061	30.0%	15,167	36.8%	78.4%
Amazon	23,643	26.2%	8,959	21.8%	163.9%
Other online channels	39,520	43.8%	17,036	41.4%	132.0%
<b>Total</b>	<b>90,224</b>	<b>100.0%</b>	<b>41,162</b>	<b>100.0%</b>	<b>119.2%</b>

Online revenue sources in Hong Kong, Macao, Taiwan and overseas include Shopify, Amazon, and other online channels. Revenue from Shopify increased by 78.4% from RMB15.2 million in 2021 to RMB27.1 million in 2022. Revenue from Amazon increased by 163.9% from RMB9.0 million in 2021 to RMB23.6 million in 2022, primarily due to businesses in Hong Kong, Macao, Taiwan and overseas becoming a key focus, the rapid promotion in regional brand building and the launch of local limited products.

- **Wholesales and others.** Revenue from wholesales and Hong Kong, Macao, Taiwan and overseas increased by 55.0% from RMB137.4 million in 2021 to RMB212.9 million in 2022, primarily due to the continuous expansion of our business in Hong Kong, Macao, Taiwan and overseas with the brand and products of Pop Mart are recognized and accepted by more consumers and multiple channels are developed, which results in our growing market popularity.

## Revenue by IPs

Pop Mart proprietary products are our major product type. As of 31 December 2022, revenue from proprietary products contributed 90.8% of our total revenue. Revenue from proprietary products increased by 5.3% from RMB3,977.8 million in 2021 to RMB4,190.0 million in 2022.

Proprietary products of Pop Mart are mainly divided into: proprietary IPs, exclusive licensed IPs and non-exclusive licensed IPs, and below sets forth a breakdown of revenue by IPs.

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Revenue (RMB'000)	Proportion of revenue	Revenue (RMB'000)	Proportion of revenue
Proprietary products	4,189,971	90.8%	3,977,797	88.6%
Proprietary IPs	3,000,750	65.0%	2,586,827	57.6%
– SKULLPANDA	851,611	18.4%	595,256	13.3%
– MOLLY	802,155	17.4%	705,098	15.7%
– DIMOO	577,948	12.5%	566,735	12.6%
– Sweet Bean	147,940	3.2%	161,526	3.6%
– Hirono	140,768	3.1%	52,253	1.2%
– Other proprietary IPs	480,328	10.4%	505,959	11.3%
Exclusive licensed IPs	638,955	13.9%	770,507	17.2%
– THE MONSTERS	263,002	5.7%	304,431	6.8%
– PUCKY	119,130	2.6%	182,245	4.1%
– Other exclusive licensed IPs	256,823	5.6%	283,831	6.3%
Non-exclusive licensed IPs	550,266	11.9%	620,463	13.8%
External procurement and consignment	402,685	8.7%	442,886	9.9%
Others	24,668	0.5%	69,968	1.5%
<b>Total</b>	<b>4,617,324</b>	<b>100.0%</b>	<b>4,490,651</b>	<b>100.0%</b>

- **Proprietary IPs.** Proprietary IPs are the major product type of the Company, primarily including SKULLPANDA, MOLLY, DIMOO and Sweet Bean, etc. Revenue from proprietary IPs increased by 16.0% from RMB2,586.8 million in 2021 to RMB3,000.8 million in 2022, primarily due to the increased revenue contribution from sales of SKULLPANDA, MOLLY and DIMOO.
- **Exclusive licensed IPs.** Revenue from exclusive licensed IPs decreased by 17.1% from RMB770.5 million in 2021 to RMB639.0 million in 2022, primarily due to the decrease in revenue caused by the impact of COVID-19 pandemic.
- **Non-exclusive licensed IPs.** Revenue from non-exclusive licensed IPs decreased by 11.3% from RMB620.5 million in 2021 to RMB550.3 million in 2022, primarily due to the decrease in revenue caused by the impact of COVID-19 pandemic.

## Costs of Sales

Our costs of sales increased by 13.3% from RMB1,732.0 million in 2021 to RMB1,962.8 million in 2022, primarily due to (1) the increase in costs of goods from RMB1,445.0 million in 2021 to RMB1,693.5 million in 2022, which was mainly due to the increase in the unit cost of goods; and (2) the increase in costs of design and license from RMB154.7 million in 2021 to RMB159.7 million in 2022, which was mainly due to more IP licensing fees and product design fees as a result of the gradually increasing proportion of our proprietary products.

## Gross Profit

Our gross profit decreased by 3.8% from RMB2,758.6 million in 2021 to RMB2,654.5 million in 2022, primarily due to less-than-expected revenue from Mainland China and the increase in costs of sales. Our gross profit margin dropped from 61.4% in 2021 to 57.5% in 2022, primarily due to the decline in gross profit margin of our proprietary products.

Gross profit from Pop Mart proprietary products decreased by 2.1% from RMB2,573.2 million in 2021 to RMB2,518.2 million in 2022, primarily due to the increase in costs of sales from our Pop Mart proprietary products. Gross profit margin of proprietary products dropped from 64.7% in 2021 to 59.7% in 2022, primarily due to (1) the increasing complexity of product production as we enhance the design and quality of our products, as well as the increasing raw material costs; and (2) the promotional activities we carried out in 2022 due to the COVID-19.

Gross profit from third-party products decreased by 26.4% from RMB185.4 million in 2021 to RMB136.4 million in 2022. Gross profit margin decreased from 36.1% in 2021 to 33.9% in 2022, primarily due to the diversification of product composition and the slight change of gross profit.

## Distribution and Selling Expenses

Our distribution and selling expenses increased by 33.0% from RMB1,106.1 million in 2021 to RMB1,470.8 million in 2022. 37.8% of the increase in fees was resulted from the growth in business in Hong Kong, Macau, Taiwan and overseas, among which, (1) employee benefit expenses; and (2) advertising and marketing expenses accounted for higher proportions.

- **Employee benefit expenses.** Our employee benefit expenses increased by 37.1% from RMB287.3 million in 2021 to RMB394.0 million in 2022, primarily due to the increase in number of sales personnel from 2,436 as of 31 December 2021 to 2,594 as of 31 December 2022, primarily for supporting the expansion of our retail stores and roboshop network.
- **Advertising and marketing expenses.** Advertising and marketing expenses increased by 48.1% from RMB157.6 million in 2021 to RMB233.4 million in 2022, mainly due to the increase in the promotion of online and offline channels, such as platform promotion of WeChat box extractor and Tmall, video promotion of MEGA products, publicity of global flagship stores and IP theme exhibition, etc.

## General and Administrative Expenses

Our general and administrative expenses increased by 23.1% from RMB557.5 million in 2021 to RMB686.3 million in 2022. Among them, (1) employee benefit expenses; and (2) depreciation of right-of-use assets accounted for higher proportions.

- **Employee benefit expenses.** Employee benefit expenses increased by 20.2% from RMB382.4 million in 2021 to RMB459.6 million in 2022. As of 31 December 2022, we had 1,584 administrative and design development personnel, representing a decrease in the number of employees at the end of the period as compared to 1,617 as of 31 December 2021, but a higher number of payroll visits in 2022 than in 2021, in addition to an increase in per capita compensation in 2022.
- **Depreciation of right-of-use assets.** Depreciation of right-of-use assets increased from RMB34.2 million in 2021 to RMB60.8 million in 2022, mainly due to the expansion of office lease to meet office needs.

## Other Income

The other income of the Company decreased by 16.3% from RMB54.4 million in 2021 to RMB45.6 million in 2022. Among them, (1) the IP license fee income from cooperation projects with UNIQLO, SAMSUNG, Lay's and other brands decreased from RMB37.7 million in 2021 to RMB32.5 million in 2022; (2) government grants decreased from RMB15.4 million in 2021 to RMB11.6 million in 2022; and (3) service and other income received was RMB1.5 million in 2022.

## Other Gains, Net

We recorded other gains, net of RMB1.8 million in 2021, while other gains, net was RMB44.8 million in 2022, primarily due to the changes in fair value of financial assets at fair value through profit or loss in 2022.

## Operating Profit

As a result of the above, the Group's operating profit decreased by 49.3% from RMB1,149.8 million in 2021 to RMB583.4 million in 2022.

## Finance Income, Net

Our finance expenses, net increased from a net gain of RMB7.4 million in 2021 to a net gain of RMB29.1 million in 2022, primarily due to the increase in our interest income.

## Income Tax Expense

Our income tax expense decreased from RMB316.6 million in 2021 to RMB163.7 million in 2022 as a result of the decrease in profit before income tax. Our effective tax rate dropped from 27.0% in 2021 to 25.6% in 2022.

## Profit for the Year

As a result of the above, our profit for the year decreased from RMB854.6 million in 2021 to RMB475.8 million in 2022.



## Non-IFRS Financial Indicators

To supplement our financial information which are presented in accordance with IFRS, we use non-IFRS adjusted net profit as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of non-IFRS adjusted net profit may not be comparable to a similarly titled financial measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The non-IFRS adjusted net profit has not been calculated in accordance with the IFRS, thus it is deemed as non-IFRS financial indicator. The non-IFRS adjusted net profit refers to the net profit after excluding share based payment, while the non-IFRS adjusted net profit margin refers to the non-IFRS adjusted net profit divided by revenue. The following table set out the reconciliation of non-IFRS financial indicators of the Company for the respective years.

	<b>As of 31 December 2022 (RMB'000)</b>	As of 31 December 2021 (RMB'000)
Profit for the year	<b>475,801</b>	854,567
Adjustments		
Share-based payment	<b>97,739</b>	147,068
Non-IFRS adjusted net profit	<b>573,540</b>	1,001,635
Non-IFRS adjusted net profit margin	<b>12.4%</b>	22.3%

The management is of the view that share-based payment expenses are non-cash items, which do not directly reflect our business operation. Hence, through eliminating the effects of such items on calculation of non-IFRS adjusted net profit, relevant operating performance can be better reflected, and it would be more convenient to compare operating performance in different years.

## Current Assets, Financial Resources and Capital Expenditures

In 2022, the Group adopted conservative and stable fund management and financial policies with regard to its overall business operations. The Group maintained the following resources to meet its working capital requirements:

### *Current assets and current liabilities*

Our net current assets decreased from RMB5,664.6 million as of 31 December 2021 to RMB5,484.8 million as of 31 December 2022, which was basically stable.

### ***Trade receivables***

Trade receivables represent outstanding amounts receivable by us from our customers in the ordinary course of business. Our trade receivables increased from RMB171.3 million as of 31 December 2021 to RMB194.4 million as of 31 December 2022. The increase was primarily due to the increase in receivables from wholesales and other channels as a result of business expansion in Hong Kong, Macao, Taiwan and overseas. Trade receivables turnover days increased from 10 days in 2021 to 15 days as of 31 December 2022.

### ***Inventories***

Our inventories comprise finished goods. Our inventories increased from RMB788.8 million as of 31 December 2021 to RMB867.0 million as of 31 December 2022. The increase was primarily due to the increase in product inventories to meet with the sales demands and the increase in our balance of inventories as a result of our sales falling short of our expectations due to the impact of the pandemic in 2022. Inventory turnover days increased from 128 days in 2021 to 156 days as of 31 December 2022.

### ***Cash and cash equivalents***

Our cash and cash equivalents primarily comprise cash at bank. Cash and cash equivalents decreased from RMB5,264.7 million as of 31 December 2021 to RMB685.3 million as of 31 December 2022, which was mainly due to our purchase of time deposits with one-year term.

### ***Trade payables***

Trade payables primarily represent our obligation to pay for merchandise from suppliers in the ordinary course of business. Trade payables decreased from RMB266.1 million as of 31 December 2021 to RMB259.0 million as of 31 December 2022, which was basically stable. Trade payable turnover days increased from 40 days in 2021 to 49 days as of 31 December 2022.

### ***Bank borrowings***

The Group did not have any bank borrowings as of 31 December 2022.

### ***Pledge of Assets***

The Group did not have any pledged assets as of 31 December 2022.

### ***Gearing Ratio***

The gearing ratio is calculated by dividing total liabilities by total assets and then multiplying by 100%. As of 31 December 2022, the Group's gearing ratio was 18.8% as compared with the gearing ratio of 18.1% as of 31 December 2021.

### ***Contingency***

We are not currently involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us. If we are involved in such material legal proceedings, we would record any loss or contingent liabilities when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

## Foreign Exchange Risk Management

We operate mainly in the PRC with most of the transactions settled in Renminbi. 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 our Group denominated in currencies other than the respective functional currencies of our operating entities. We did not hedge against any fluctuation in foreign currency during the period ended 31 December 2022.

## Capital Expenditures

Our capital expenditures consist of purchases of property, plant and equipment and purchases of intangible assets. The table below sets forth the Company's capital expenditures in 2021 and 2022:

	<b>As of 31 December 2022 (RMB' 000)</b>	As of 31 December 2021 (RMB' 000)
Purchases of property, plant and equipment	<b>266,132</b>	287,502
Purchases of intangible assets	<b>81,491</b>	46,246
<b>Total</b>	<b>347,623</b>	333,748

## Human Resources

As of 31 December 2022, we had a total of 4,178 employees, including 2,594 sales personnel and 1,584 administrative and development personnel. As of 31 December 2022, we incurred staff costs (including remuneration, payrolls, allowances and benefits) of RMB853.6 million.

## Future Plans on Significant Investments

As of 31 December 2022, we did not hold any significant investment.

We will continue to seek for potential strategic investment opportunities, as well as potential quality target operations and assets that can create synergy effect to the Group.

## Material Acquisitions and Disposals

As of 31 December 2022, we had not conducted any material acquisition or disposal of subsidiaries, associates and joint ventures.

## Outlook

IP is at the core of our business. Through our innovative products, delicate design and quality services, we aim to offer consumers with joyful pop culture and artistic experience. At the same time, by elevating our brand value, we will enhance the brand loyalty of users on Pop Mart products, thereby maintaining our strong market position and competitiveness.

We will strive to enrich the types of our IPs, expand the portfolio of our IPs, maintain highquality design and innovation standards, introduce more products as top-selling series, operate IPs continuously, strengthen IPs' impression in the public's eye, and deepen the emotional connection between fans and IPs. In addition, we will increase types of pop toys, further explore the value of product lines such as MEGA, POP BEAN, derivative products and BJD, and improve production technique and sale procedures.

Our international business will continue to grow rapidly, driving the global penetration of our brands through the continued promotion of our overseas DTC strategy and the deployment of physical stores, roboshops, cross-border e-commerce platforms and other channels. We will strive to increase our brand awareness and market share in pop toy market in overseas countries and regions. Localization of operation is the core of our overseas operations strategy. While enhancing the shopping experience and interaction of end consumers, we will also cooperate with more local partners and artists to explore more business models, IPs and product types that meet the needs of local market.

We will strive to expand our channel network so as to reach more users. In addition, we will continue to strengthen our operating capability, improve user shopping experience, enhance member expansion and member operation capability, promote innovative retail digitalized operation, reach and retain users through diversified measures, and offer customized, better services.

We will continue to promote pop toy culture through more diversified means, influence the whole industry continuously, offer more benefits for our privilege members, increase the stickiness of fans, as well as enhance the cultural identity and brand awareness of fans.

While further engaging in the Pop Toy business, we will continue to expand new brands including MEGA, GONG and inner flow, and facilitate the establishment of amusement parks and other new businesses to construct a more sophisticated and comprehensive business ecosystem with IP at its core.

## **SUBSEQUENT EVENT AFTER REPORTING PERIOD**

As at the date of this announcement, the Group has no significant events occurred after the Reporting Period which require additional disclosures or adjustments.

## USE OF NET PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 December 2020 (the “**Listing Date**”) by way of global offering, and the total Net Proceeds received by the Company from the global offering (including the full exercise of the over-allotment option) amounted to approximately HK\$5,781.7 million after deducting professional fees, underwriting commissions and other related listing expenses.

As stated in the Prospectus, the intended uses of the Net Proceeds are set out below:

Intended use of Net Proceeds	Allocation of Net Proceeds	Percentage of total Net proceeds	Amount of Net Proceeds		Amount of Net Proceeds utilized up to 31 December 2022	Balance of Net Proceeds unutilized as at 31 December 2022	Intended timetable for use of the unutilized Net Proceeds
			Amount of Net Proceeds unutilized up to 31 December 2021	Amount of Net Proceeds utilized during 12 months ended 31 December 2022			
(i) To finance part of our expansion plans of consumer access channels and overseas markets	HK\$1,734.5 million	30.0%	HK\$998.7 million	HK\$490.6 million	HK\$1,226.4 million	HK\$508.1 million	Before 31 December 2024
(a) for opening new retail stores	HK\$954.0 million	16.5%	HK\$350.6 million	HK\$350.6 million	HK\$954.0 million	–	
(b) for opening new roboshops	HK\$346.9 million	6.0%	HK\$248.2 million	HK\$86.1 million	HK\$184.8 million	HK\$162.1 million	
(c) for expanding our business into overseas markets	HK\$433.6 million	7.5%	HK\$399.9 million	HK\$53.9 million	HK\$87.6 million	HK\$346.0 million	
(ii) To fund our potential investments in, acquisitions of and strategic alliance with companies along the value chain of our industry	HK\$1,561.1 million	27.0%	HK\$1,299.1 million	HK\$49.8 million	HK\$311.8 million	HK\$1,249.3 million	Before 31 December 2024
(iii) To invest in technology initiatives to strengthen our marketing and fan engagement efforts, and to enhance the digitalization of our business	HK\$867.2 million	15.0%	HK\$727.4 million	HK\$178.1 million	HK\$317.9 million	HK\$549.3 million	
(a) for talent recruitment	HK\$173.5 million	3.0%	HK\$154.0 million	HK\$40.6 million	HK\$60.1 million	HK\$113.4 million	Before 31 December 2023
(b) for acquiring relevant software and hardware to enhance digitalization and establish information systems for digital marketing, customer services, logistics, products, supply chain, warehousing, membership, transactions and store management and marketing	HK\$346.9 million	6.0%	HK\$318.6 million	HK\$47.4 million	HK\$75.7 million	HK\$271.2 million	Before 31 December 2024
(c) for optimizing our online marketing efforts, which primarily consist of strategically placed advertisement, icons, links and news feeds on third party promotional platforms	HK\$346.8 million	6.0%	HK\$254.8 million	HK\$90.1 million	HK\$182.1 million	HK\$164.7 million	Before 31 December 2024

Intended use of Net Proceeds	Allocation of Net Proceeds	Percentage of total Net proceeds	Amount of Net Proceeds		Amount of Net Proceeds utilized up to 31 December 2022	Balance of Net Proceeds unutilized as at 31 December 2022	Intended timetable for use of the unutilized Net Proceeds
			Amount of Net Proceeds unutilized up to 31 December 2021	Amount of Net Proceeds utilized during 12 months ended 31 December 2022			
(iv) To expand our IP pool	HK\$1,040.7 million	18.0%	HK\$972.4 million	HK\$153.7 million	HK\$222.0 million	HK\$818.7 million	
(a) for enhancing our ability to identify outstanding artists	HK\$260.3 million	4.5%	HK\$222.0 million	HK\$97.1 million	HK\$135.4 million	HK\$124.9 million	Before 31 December 2024
(b) for recruiting talented designers to join our in-house design team to enhance our in-house original IP development capability by providing competitive salary	HK\$86.6 million	1.5%	HK\$56.6 million	HK\$56.6 million	HK\$86.6 million	–	–
(c) for acquisitions of popular IPs from to expand our IP pool	HK\$693.8 million	12.0%	HK\$693.8 million	–	–	HK\$693.8 million	Before 31 December 2024
(v) Working capital and general corporate purposes	HK\$578.2 million	10.0%	–	–	HK\$578.2 million	–	–

The Group will utilise the Net Proceeds of the initial public offering in accordance with the intended purposes as set out in the Prospectus.

## DIVIDEND

The Board recommended the payment of a final dividend of RMB8.70 cents per issued ordinary share of the Company for the year ended 31 December 2022. On the basis of the total issued share capital of 1,367,590,150 shares of the Company as of the date of this announcement, it is estimated that the aggregate amount of final dividend would be RMB118.98 million. The actual total amount of final dividends to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of shareholders to the final dividend.

The proposed dividend payment is subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting (the “**AGM**”) to be held on Wednesday, 17 May 2023 and is payable in Hong Kong Dollars based on the official exchange rate of Renminbi against Hong Kong Dollars as quoted by the People’s Bank of China on 17 May 2023. Upon Shareholders’ approval, such dividend will be paid on Thursday, 8 June 2023 to the Shareholders whose names shall appear on the register of members of the Company on Monday, 29 May 2023.

## CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the AGM on Wednesday, 17 May 2023. The register of members of the Company will be closed from Friday, 12 May 2023 to Wednesday, 17 May 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered, and Shareholders whose names on the register of members of the Company on Wednesday, 17 May 2023 shall have the right to attend and vote at the AGM. To be eligible to attend 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, 11 May 2023.

The register of members of the Company will also be closed from Tuesday, 23 May 2023 to Monday, 29 May 2023, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final dividend, 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 Monday, 22 May 2023.

## CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 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

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairman and Chief Executive Officer of the Company are held by Mr. Wang Ning.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the directors of the Company ("**Directors**") and that the Board comprises three independent non-executive Directors out of nine Directors, and the Board believes there is sufficient check and balance on the Board; (ii) Mr. Wang Ning and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Mr. Wang Ning is our principal founder, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 34,347,400 shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$735,363,682. Particulars of the shares repurchased are as follows:

Month of Repurchase	No. of Shares Repurchase	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
February	1,410,200	39.95	36.85	54,112,720
March	513,000	32.00	31.60	16,361,170
April	893,600	34.05	32.65	29,998,460
May	1,548,600	29.90	27.95	44,992,310
July	17,031,600	33.00	21.05	381,602,340
August	615,200	19.50	19.18	11,916,676
September	3,672,400	20.10	16.40	65,829,024
October	3,453,200	13.00	10.12	41,715,112
November	1,555,000	13.70	12.16	19,825,652
December	3,654,600	20.10	17.48	69,010,218
<b>Total</b>	<b><u>34,347,400</u></b>			<b><u>735,363,682</u></b>

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## AUDIT COMMITTEE

The Audit Committee had, together with the Board, reviewed the accounting standards and practices adopted by the Group and the annual results for the year ended 31 December 2022.



## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2022 as set forth in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set forth in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.popmart.com](http://www.popmart.com)), and the 2022 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board

**POP MART INTERNATIONAL GROUP LIMITED**

**Wang Ning**

*Executive Director, Chairman of the Board and Chief Executive Officer*

Hong Kong, 29 March 2023

*As at the date of this announcement, the executive Directors are Mr. Wang Ning, Ms. Yang Tao, Ms. Liu Ran and Mr. Si De, the non-executive Directors are Mr. Tu Zheng and Mr. He Yu, and the independent non-executive Directors are Mr. Zhang Jianjun, Mr. Wu Liansheng and Mr. Ngan King Leung Gary.*