

Yatsen Announces Second Quarter 2022 Financial Results

Conference Call to Be Held at 7:30 A.M. U.S. Eastern Time on August 25, 2022

GUANGZHOU, China, Aug. 25, 2022 /PRNewswire/ -- Yatsen Holding Limited ("Yatsen" or the "Company") (NYSE: YSG), a leading Chinese beauty company, today announced its unaudited financial results for the second quarter ended June 30, 2022.

Second Quarter 2022 Highlights

- **Total net revenues** for the second quarter of 2022 decreased by 37.6% to RMB951.8 million (US\$142.1 million) from RMB1.53 billion in the prior year period.
- **Total net revenues from Skincare Brands^[1]** for the second quarter of 2022 increased by 49.2% to RMB317.8 million from RMB213.0 million in the prior year period. As a percentage of total net revenues, total net revenues from Skincare Brands for the second quarter of 2022 increased to 33.4% from 14.0% in the prior year period.
- **Gross margin** for the second quarter of 2022 was 62.9%, compared with 65.7% in the prior year period.
- **Net loss** for the second quarter of 2022 decreased by 32.4% to RMB264.3 million (US\$39.5 million) from RMB391.2 million in the prior year period. **Non-GAAP net loss^[2]** for the second quarter of 2022 increased by 6.5% to RMB207.5 million (US\$31.0 million) from RMB194.9 million in the prior year period.

"The second quarter of 2022 was challenging due to the resurgence of COVID-19 in many regions of China, which dampened consumer beauty spending. While our topline declined by 37.6% year-over-year, our net revenues from Skincare Brands grew by 49.2% to make up one third of Yatsen's total net revenues. In particular, net revenues from our newly acquired clinical and premium skincare brands *DR. WU* (its mainland China business), *Eve Lom* and *Galénic* increased by 112.0% year-over-year in aggregate. Furthermore, thanks to our team's improved working capital practices, we achieved positive cashflow from operations in the second quarter for the first time since our IPO. Looking forward, we will continue executing our strategic development plan while carefully navigating a complex market environment in the second half of the year," stated Mr. Jinfeng Huang, Founder, Chairman and Chief Executive Officer of Yatsen.

"We accelerated the improvement of our revenue mix and cost-cutting in the second quarter, which resulted in a higher revenue contribution from our Skincare Brands and a reduction of our offline retail footprint. Our GAAP and non-GAAP net loss margin of 27.8% and 21.8% respectively were impacted by elevated levels of promotions during the June 18th shopping festival and higher operating cost ratios of our offline stores, as well as loss and provisions related to inventory and store-closures. However, we improved our working capital to generate RMB111.9 million of net cash from operating activities and finished the quarter with RMB3.06 billion in cash, restricted cash and short-term investments, giving us ample flexibility to move forward with our strategic development plan," commented Mr. Donghao Yang, Director and Chief Financial Officer of Yatsen.

Second Quarter 2022 Financial Results**Net Revenues**

Total net revenues for the second quarter of 2022 decreased by 37.6% to RMB951.8 million (US\$142.1 million) from RMB1.53 billion in the prior year period. The decrease was primarily attributable to a 50.5% decrease in net revenues from our Color Cosmetics Brands^[3], partially offset by a 49.2% increase in net revenues from our Skincare Brands.

Gross Profit and Gross Margin

Gross profit for the second quarter of 2022 decreased by 40.3% to RMB598.3 million (US\$89.3 million) from RMB1.00 billion in the prior year period. Gross margin for the second quarter of 2022 decreased to 62.9% from 65.7% in the prior year period. The decrease was primarily attributable to the elevated levels of promotions during the June 18th shopping festival and an inventory loss of RMB43.9 million (US\$6.6 million).

Operating Expenses

Total operating expenses for the second quarter of 2022 decreased by 38.0% to RMB875.3 million (US\$130.7 million) from RMB1.41 billion in the prior year period. As a percentage of total net revenues, total operating expenses for the second quarter of 2022 were 92.0%, as compared with 92.6% in the prior year period.

- **Fulfillment Expenses.** Fulfillment expenses for the second quarter of 2022 were RMB69.7 million (US\$10.4 million), as compared with RMB118.1 million in the prior year period. As a percentage of total net revenues, fulfillment expenses for the second quarter of 2022 decreased to 7.3% from 7.7% in the prior year period. The decrease was primarily attributable to a reduction in share-based compensation corresponding to a decrease in fulfillment headcount.
- **Selling and Marketing Expenses.** Selling and marketing expenses for the second quarter of 2022 were RMB625.7 million (US\$93.4 million), as compared with RMB972.5 million in the prior year period. As a percentage of total net revenues, selling and marketing expenses for the second quarter of 2022 increased to 65.7% from 63.8% in the prior year period. The increase was primarily attributable to (i) higher operating cost ratios of our offline stores corresponding to the depressed offline store sales, and (ii) store closure-related expenses and a provision of RMB28.7 million (US\$4.3 million) for further store closures in the second half of 2022, partially offset by a reduction of our performance-based and brand marketing spending.
- **General and Administrative Expenses.** General and administrative expenses for the second quarter of 2022 were RMB147.8 million (US\$22.1 million), as compared with RMB286.4 million in the prior year period. As a percentage of total net revenues, general and administrative expenses for the second quarter of 2022 decreased to 15.5% from 18.8% in the prior year period. The decrease was primarily attributable to a reduction in share-based compensation corresponding to a decrease in general and administrative headcount.
- **Research and Development Expenses.** Research and development expenses for the second quarter of 2022 were RMB32.0 million (US\$4.8 million), as compared with RMB35.2 million in the prior year period. As a percentage of total net revenues, research and development expenses for the second quarter of 2022 increased to 3.4% from 2.3% in the prior year period. The increase was primarily attributable to the deleveraging effect of lower total net revenues.

Loss from Operations

Loss from operations for the second quarter of 2022 decreased by 32.4% to RMB277.0 million (US\$41.3 million) from RMB409.9 million in the prior year period. Operating loss margin was 29.1%, as compared with 26.9% in the prior year period.

Non-GAAP loss from operations^[4] for the second quarter of 2022 increased by 3.2% to RMB218.2 million (US\$32.6 million) from RMB211.4 million in the prior year period. Non-GAAP operating loss margin was 22.9%, as compared with 13.9% in the prior year period.

Net Loss

Net loss for the second quarter of 2022 decreased by 32.4% to RMB264.3 million (US\$39.5 million) from RMB391.2 million in the prior year period. Net loss margin was 27.8%, as compared with 25.7% in the prior year period. Net loss attributable to Yatsen's ordinary shareholders per diluted ADS^[5] for the second quarter of 2022 was RMB0.43 (US\$0.06), as compared with RMB0.62 in the prior year period.

Non-GAAP net loss for the second quarter of 2022 increased by 6.5% to RMB207.5 million (US\$31.0 million) from RMB194.9 million in the prior year period. Non-GAAP net loss margin was 21.8%, as compared with 12.8% in the prior year period. Non-GAAP net loss attributable to Yatsen's ordinary shareholders per diluted ADS^[6] for the second quarter of 2022 was RMB0.34 (US\$0.05), as compared with RMB0.31 in the prior year period.

Balance Sheet and Cash Flow

As of June 30, 2022, the Company had cash, restricted cash and short-term investments of RMB3.06 billion (US\$457.3 million), as compared with RMB3.14 billion as of December 31, 2021.

Net cash generated from operating activities for the second quarter of 2022 increased by 241.6% to RMB111.9 million (US\$16.7 million) from net cash used in operating activities of RMB79.0 million in the prior year period.

Business Outlook

For the third quarter of 2022, the Company expects its total net revenues to be between RMB738.4 million and RMB872.7 million, representing a year-over-year decline of approximately 35% to 45%, primarily due to the continued softness in market demand for color cosmetics. These forecasts reflect the Company's current and preliminary views on the market and operational conditions, which are subject to change.

Exchange Rate

This announcement contains translations of certain Renminbi ("RMB") amounts into U.S. dollars ("US\$") at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations from RMB to US\$ were made at a rate of RMB6.9811 to US\$1.00, the exchange rate in effect as of June 30, 2022, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. The Company makes no representation that any RMB or US\$ amounts could have been, or could be, converted into US\$ or RMB, as the case may be, at any particular rate, or at all.

[1] Include net revenues from Abby's Choice, DR. WU (its mainland China business), Galénic, Eve Lom and other skincare brands.

[2] Non-GAAP net loss is a non-GAAP financial measure. Non-GAAP net loss is defined as net loss excluding (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from assets and business acquisitions and (iii) tax effects

on non-GAAP adjustments.

[3] Include net revenues from Perfect Diary, Little Ondine, Pink Bear and other color cosmetics brands.

[4] Non-GAAP loss from operations is a non-GAAP financial measure. Non-GAAP loss from operations is defined as loss from operations excluding share-based compensation expenses and amortization of intangible assets resulting from assets and business acquisitions.

[5] ADS refers to American depositary shares, each of which represents four Class A ordinary shares.

[6] Non-GAAP net loss attributable to ordinary shareholders per diluted ADS is a non-GAAP financial measure. Non-GAAP net loss attributable to ordinary shareholders per diluted ADS is defined as non-GAAP net loss attributable to ordinary shareholders divided by the weighted average number of diluted ADS outstanding for computing diluted earnings per ADS. Non-GAAP net loss attributable to ordinary shareholders is defined as net loss attributable to ordinary shareholders excluding (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from assets and business acquisitions and (iii) tax effects on non-GAAP adjustments.

Conference Call Information

The Company's management will hold a conference call on Thursday, August 25, 2022, at 7:30 A.M. U.S. Eastern Time or 7:30 P.M. Beijing Time to discuss its financial results and operating performance for the second quarter 2022.

United States (toll free): +1-888-346-8982
International: +1-412-902-4272
Mainland China (toll free): 400-120-1203
Hong Kong (toll free): 800-905-945
Hong Kong: +852-3018-4992
Conference ID: 2224933

The replay will be accessible through September 1, 2022, by dialing the following numbers:

United States: +1-877-344-7529
International: +1-412-317-0088
Replay Access Code: 2224933

A live and archived webcast of the conference call will also be available on the Company's investor relations website at <http://ir.yatsenglobal.com/>.

About Yatsen Holding Limited

Yatsen Holding Limited (NYSE: YSG) is a leading player in China's beauty market with a mission to create an exciting new journey of beauty discovery for consumers in China and around the world. Founded in 2016, the Company has launched and acquired multiple color cosmetics and skincare brands including *Perfect Diary*, *Little Ondine*, *Abby's Choice*, *Galénic*, *DR.WU* (its mainland China business), *Eve Lom* and *Pink Bear*. The Company's flagship brand, *Perfect Diary*, is one of the top color cosmetics brands in China in terms of online retail sales value. Leveraging its digitally native direct-to-customer business model, the Company has built core capabilities which enable it to launch and scale multiple brands quickly while offering a wide selection of products to a growing variety of customers. The Company reaches and engages with customers directly both online and offline, with expansive presence across all major e-commerce, social and content platforms in China.

For more information, please visit <http://ir.yatsenglobal.com/>.

Use of Non-GAAP Financial Measures

The Company uses non-GAAP income (loss) from operations, non-GAAP net income (loss), non-GAAP net income (loss) attributable to ordinary shareholders and non-GAAP net income (loss) attributable to ordinary shareholders per diluted ADS, each a non-GAAP financial measure, in reviewing and assessing its operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. The Company presents these non-GAAP financial measures because they are used by the management to evaluate operating performance and formulate business plans. Non-GAAP financial measures help identify underlying trends in its business, provide further information about its results of operations, and enhance the overall understanding of its past performance and future prospects. The Company defines non-GAAP income (loss) from operations as income (loss) from operations excluding share-based compensation expenses and amortization of intangible assets resulting from assets and business acquisitions. The Company defines non-GAAP net income (loss) as net income (loss) excluding (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from assets and business acquisitions and (iii) tax effects on non-GAAP adjustments. The Company defines non-GAAP net income (loss) attributable to ordinary shareholders as net income (loss) attributable to ordinary shareholders excluding (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from assets and business acquisitions, (iii) tax effects on non-GAAP adjustments. Non-GAAP net income (loss) attributable to ordinary shareholders per diluted ADS is computed using non-GAAP net income (loss) attributable to ordinary shareholders divided by weighted average number of diluted ADS outstanding for computing diluted earnings per ADS.

However, the non-GAAP financial measures have limitations as analytical tools as the non-GAAP financial measures are not presented in accordance with U.S. GAAP and may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited. The Company compensates for these limitations by reconciling the non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating performance. The Company encourages investors and others to review its financial information in its entirety and not rely on a single financial measure. Reconciliations of Yatsen's non-GAAP financial measure to the most comparable U.S. GAAP measure are included at the end of this press release.

Safe Harbor Statement

This announcement contains statements that may constitute "forward-looking" statements which are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "aims," "future," "intends," "plans," "believes," "estimates," "likely to," and similar statements. The Company may also make written or oral forward-looking statements in its periodic reports to the Securities and Exchange Commission ("SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company's beliefs, plans, outlook and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, which include but not limited to the following: the Company's growth strategies; its future business development, results of operations and financial condition; its ability to continue to roll out popular products and maintain popularity of existing products; its ability to anticipate and respond to changes in industry trends and consumer preferences and behavior in a timely manner; its ability to attract and retain new customers and to increase revenues generated from repeat customers; its expectations regarding demand for and market acceptance of its products and services; its ability to integrate newly-acquired businesses and brands; trends and competition in and relevant government policies and regulations relating to China's beauty market; changes in its revenues and certain cost or expense items; and general economic conditions in China. Further information regarding these and other risks is included in the Company's filings with the SEC. All information provided in this press release is as of the date of this press release, and the Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

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YATSEN HOLDING LIMITED UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (All amounts in thousands, except for share, per share data or otherwise noted)

| | December 31, 2021 | June 30, 2022 | June 30, 2022 |
|---------------------------|----------------------|------------------|------------------|
| | RMB'000 | RMB'000 | USD'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 3,138,008 | 1,708,485 | 255,070 |

| | | | |
|---|------------------|------------------|----------------|
| Short-term investment | - | 1,314,380 | 196,232 |
| Accounts receivable | 355,837 | 224,820 | 33,565 |
| Inventories, net | 695,761 | 505,976 | 75,540 |
| Prepayments and other current assets | 366,191 | 356,945 | 53,290 |
| Amounts due from related parties | 60 | 60 | 9 |
| Total current assets | 4,555,857 | 4,110,666 | 613,706 |
| Non-current assets | | | |
| Restricted Cash | - | 40,189 | 6,000 |
| Investments | 350,380 | 393,624 | 58,767 |
| Property and equipment, net | 245,314 | 133,860 | 19,985 |
| Goodwill | 869,421 | 835,860 | 124,791 |
| Intangible assets, net | 745,851 | 694,280 | 103,653 |
| Deferred tax assets | 2,000 | 1,891 | 282 |
| Right-of-use assets, net | 422,966 | 275,638 | 41,152 |
| Other non-current assets | 80,220 | 54,781 | 8,179 |
| Total non-current assets | 2,716,152 | 2,430,123 | 362,809 |
| Total assets | 7,272,009 | 6,540,789 | 976,515 |
| Liabilities, redeemable non-controlling interests and shareholders' equity (deficit) | | | |
| Current liabilities | | | |
| Accounts payable | 240,815 | 166,258 | 24,822 |
| Advances from customers | 20,680 | 19,906 | 2,972 |
| Accrued expenses and other liabilities | 370,531 | 360,528 | 53,825 |
| Amounts due to related parties | 13,967 | 28,259 | 4,219 |
| Income tax payables | 16,747 | 17,496 | 2,612 |
| Lease liabilities due within one year | 214,843 | 159,796 | 23,857 |
| Total current liabilities | 877,583 | 752,243 | 112,307 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 124,450 | 114,362 | 17,074 |
| Deferred income-non current | 56,180 | 51,511 | 7,690 |
| Lease liabilities | 206,303 | 116,366 | 17,373 |
| Total non-current liabilities | 386,933 | 282,239 | 42,137 |
| Total liabilities | 1,264,516 | 1,034,482 | 154,444 |
| Redeemable non-controlling interests | 338,587 | 341,561 | 50,994 |
| Shareholders' equity (deficit) | | | |
| Ordinary Shares (US\$0.00001 par value; 10,000,000,000 ordinary shares authorized, comprising of 6,000,000,000 Class A ordinary shares, 960,852,606 Class B ordinary shares and 3,039,147,394 shares each of such classes to be designated as of December 31, 2021 and June 30, 2022; 1,938,303,919 Class A shares and 758,869,844 Class B ordinary shares issued; 1,789,239,887 Class A ordinary shares and 737,513,429 Class B ordinary shares outstanding as of and December 31, 2021; 2,030,600,883 Class A shares and 666,572,880 Class B ordinary shares issued; 1,722,629,448 Class A ordinary shares and 666,572,880 Class B ordinary shares outstanding as of and June 30, 2022) | 173 | 173 | 26 |
| Treasury shares | (22,330) | (211,875) | (31,632) |
| Additional paid-in capital | 11,697,942 | 11,870,700 | 1,772,249 |
| Statutory reserve | 21,352 | 21,352 | 3,188 |
| Accumulated deficit | (5,782,169) | (6,339,014) | (946,390) |
| Accumulated other comprehensive income (loss) | (255,780) | (185,270) | (27,660) |
| Total Yatsen Holding Limited shareholders' (deficit) equity | 5,659,188 | 5,156,066 | 769,781 |
| Non-controlling interests | 9,718 | 8,680 | 1,296 |
| Total shareholders' (deficit) equity | 5,668,906 | 5,164,746 | 771,077 |
| Total liabilities, redeemable non-controlling interests and shareholders' equity (deficit) | 7,272,009 | 6,540,789 | 976,515 |

YATSEN HOLDING LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(All amounts in thousands, except for share, per share data or otherwise noted)

| | For the Three Months Ended June 30, | | | For the Six Months Ended June 30, | | |
|---|-------------------------------------|------------------|------------------|-----------------------------------|--------------------|------------------|
| | 2021 | 2022 | 2022 | 2021 | 2022 | 2022 |
| | RMB'000 | RMB'000 | USD'000 | RMB'000 | RMB'000 | USD'000 |
| Total net revenues | | | | | | |
| Total cost of revenues | 1,525,001 | 951,770 | 142,096 | 2,969,466 | 1,842,724 | 275,111 |
| Gross profit | (522,640) | (353,450) | (52,769) | (975,539) | (629,858) | (94,036) |
| Operating expenses: | 1,002,361 | 598,320 | 89,327 | 1,993,927 | 1,212,866 | 181,071 |
| Fulfillment expenses | (118,072) | (69,743) | (10,412) | (210,790) | (143,606) | (21,440) |
| Selling and marketing expenses | (972,506) | (625,695) | (93,414) | (2,014,568) | (1,230,421) | (183,697) |
| General and administrative expenses | (286,448) | (147,794) | (22,065) | (458,767) | (355,923) | (53,136) |
| Research and development expenses | (35,216) | (32,045) | (4,784) | (62,956) | (67,855) | (10,130) |
| Total operating expenses | (1,412,242) | (875,277) | (130,675) | (2,747,081) | (1,797,805) | (268,406) |
| Income (loss) from operations | (409,881) | (276,957) | (41,348) | (753,154) | (584,939) | (87,329) |
| Financial income | 11,346 | 8,263 | 1,234 | 25,391 | 16,366 | 2,441 |
| Foreign currency exchange income (losses) | (1,479) | (21,796) | (3,254) | (5,075) | (24,428) | (3,647) |
| Income (loss) from equity method investments, net | (140) | 45 | 7 | 7,002 | (2,285) | (341) |
| Impairment loss of investments | - | (662) | (99) | - | (5,078) | (756) |
| Other non-operating income (expenses) | 7,831 | 27,932 | 4,170 | 15,305 | 45,586 | 6,801 |
| Income (loss) before income tax expenses | (392,323) | (263,175) | (39,290) | (710,531) | (554,778) | (82,826) |
| Income tax (expense) benefit | 1,112 | (1,095) | (163) | 326 | (872) | (130) |
| Net income (loss) | (391,211) | (264,270) | (39,453) | (710,205) | (555,650) | (82,956) |
| Net loss attributable to non-controlling interests and redeemable non-controlling interests | 1,290 | (1,660) | (248) | 2,946 | (1,195) | (176) |
| Net income (loss) attributable to Yatsen's shareholders | (389,921) | (265,930) | (39,701) | (707,259) | (556,845) | (83,134) |
| Shares used in calculating earnings per share (1): | | | | | | |
| Weighted average number of Class A and Class B ordinary shares: | | | | | | |
| —Basic | 2,526,453,776 | 2,475,134,621 | 2,475,134,621 | 2,526,453,776 | 2,500,801,376 | 2,500,801,376 |

| | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| —Diluted | 2,526,453,776 | 2,475,134,621 | 2,475,134,621 | 2,526,453,776 | 2,500,801,376 | 2,500,801,376 |
| Net income (loss) per Class A and Class B ordinary share | | | | | | |
| Net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Basic | (0.15) | (0.11) | (0.02) | (0.28) | (0.22) | (0.02) |
| Net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Diluted | (0.15) | (0.11) | (0.02) | (0.28) | (0.22) | (0.02) |
| Net income (loss) per ADS (4 ordinary shares equal to 1 ADS) | | | | | | |
| Net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Basic | (0.62) | (0.43) | (0.06) | (1.12) | (0.89) | (0.13) |
| Net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Diluted | (0.62) | (0.43) | (0.06) | (1.12) | (0.89) | (0.13) |

| | For the Three Months Ended June 30, | | | For the Six Months Ended June 30, | | |
|---|-------------------------------------|---------------|--------------|-----------------------------------|----------------|---------------|
| | 2021 | 2022 | 2022 | 2021 | 2022 | 2022 |
| | RMB'000 | RMB'000 | USD'000 | RMB'000 | RMB'000 | USD'000 |
| Share-based compensation expenses are included in the operating expenses as follows: | | | | | | |
| Fulfillment expenses | 8,521 | 970 | 145 | 9,425 | 2,493 | 371 |
| Selling and marketing expenses | 22,161 | 11,363 | 1,696 | 34,000 | 33,718 | 5,034 |
| General and administrative expenses | 147,498 | 27,590 | 4,119 | 214,117 | 122,573 | 18,301 |
| Research and development expenses | 6,440 | 7,017 | 1,048 | 7,944 | 13,974 | 2,081 |
| Total | 184,620 | 46,940 | 7,008 | 265,486 | 172,758 | 25,792 |

(1) Authorized share capital is re-classified and re-designated into Class A ordinary shares and Class B ordinary shares, with each Class A ordinary share being entitled to one vote and each Class B ordinary share being entitled to twenty votes on all matters that are subject to shareholder vote.

YATSEN HOLDING LIMITED
UNAUDITED RECONCILIATIONS OF GAAP AND NON-GAAP RESULTS
(All amounts in thousands, except for share, per share data or otherwise noted)

| | For the Three Months Ended June 30, | | | For the Six Months Ended June 30, | | |
|--|-------------------------------------|------------------|-----------------|-----------------------------------|------------------|-----------------|
| | 2021 | 2022 | 2022 | 2021 | 2022 | 2022 |
| | RMB'000 | RMB'000 | USD'000 | RMB'000 | RMB'000 | USD'000 |
| Income (loss) from operations | (409,881) | (276,957) | (41,348) | (753,154) | (584,939) | (87,329) |
| Share-based compensation expenses | 184,620 | 46,940 | 7,008 | 265,486 | 172,758 | 25,792 |
| Amortization of intangible assets resulting from assets and business acquisitions | 13,899 | 11,862 | 1,771 | 18,029 | 23,945 | 3,575 |
| Non-GAAP income (loss) from operations | (211,362) | (218,155) | (32,569) | (469,639) | (388,236) | (57,962) |
| Net income (loss) | (391,211) | (264,270) | (39,453) | (710,205) | (555,650) | (82,956) |
| Share-based compensation expenses | 184,620 | 46,940 | 7,008 | 265,486 | 172,758 | 25,792 |
| Amortization of intangible assets resulting from assets and business acquisitions | 13,899 | 11,862 | 1,771 | 18,029 | 23,945 | 3,575 |
| Tax effects on non-GAAP adjustments | (2,186) | (2,042) | (305) | (2,510) | (4,126) | (616) |
| Non-GAAP net income (loss) | (194,878) | (207,510) | (30,979) | (429,200) | (363,073) | (54,205) |
| Net income (loss) attributable to ordinary shareholders of Yatsen | (389,921) | (265,930) | (39,701) | (707,259) | (556,845) | (83,134) |
| Share-based compensation expenses | 184,620 | 46,940 | 7,008 | 265,486 | 172,758 | 25,792 |
| Amortization of intangible assets resulting from assets and business acquisitions | 13,738 | 10,945 | 1,634 | 17,474 | 22,776 | 3,400 |
| Tax effects on non-GAAP adjustments | (2,214) | (1,876) | (280) | (2,510) | (3,960) | (591) |
| Non-GAAP net income (loss) attributable to ordinary shareholders of Yatsen | (193,777) | (209,921) | (31,339) | (426,809) | (365,271) | (54,533) |
| Shares used in calculating earnings per share: | | | | | | |
| Weighted average number of Class A and Class B ordinary shares: | | | | | | |
| —Basic | 2,526,453,776 | 2,475,134,621 | 2,475,134,621 | 2,526,453,776 | 2,500,801,376 | 2,500,801,376 |
| —Diluted | 2,526,453,776 | 2,475,134,621 | 2,475,134,621 | 2,526,453,776 | 2,500,801,376 | 2,500,801,376 |
| Non-GAAP net income (loss) attributable to ordinary shareholders per Class A and Class B ordinary share | | | | | | |
| Non-GAAP net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Basic | (0.08) | (0.08) | (0.01) | (0.17) | (0.15) | (0.02) |
| Non-GAAP net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Diluted | (0.08) | (0.08) | (0.01) | (0.17) | (0.15) | (0.02) |
| Non-GAAP net income (loss) attributable to ordinary shareholders per ADS (4 ordinary shares equal to 1 ADS) | | | | | | |
| Non-GAAP net income (loss) attributable to Yatsen's ordinary shareholders | | | | | | |
| —Basic | (0.31) | (0.34) | (0.05) | (0.68) | (0.58) | (0.09) |

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Non-GAAP net income (loss) attributable to Yatsen's ordinary shareholders —Diluted | (0.31) | (0.34) | (0.05) | (0.68) | (0.58) | (0.09) |
|---|--------|--------|--------|--------|--------|--------|

SOURCE Yatsen Holding Limited

<https://ir.yatsenglobal.com/2022-08-25-Yatsen-Announces-Second-Quarter-2022-Financial-Results>