



Kuaishou Technology Announces Fourth Quarter and Full Year 2022 Financial Results

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HONG KONG, March 29, 2023 /PRNewswire/ -- Kuaishou Technology (HK:1024) (the "Company" or "Kuaishou"), a leading content community and social platform, today announced its financial results for the fourth quarter and full fiscal year ended December 31, 2022.

Fourth Quarter 2022 Key Highlights

- **Average DAUs on Kuaishou APP** were 366.2 million, representing an increase of 13.3% from 323.3 million for the same period of 2021.
- **Average MAUs on Kuaishou APP** were 640.0 million, representing an increase of 10.7% from 578.0 million for the same period of 2021.
- **Average daily time spent per DAU⁽¹⁾** was 133.9 minutes, representing an increase of 12.6% from 118.9 minutes for the same period of 2021.
- **Total GMV of e-commerce transactions facilitated on our platform⁽²⁾** was RMB312.4 billion, representing an increase of 30.0% from RMB240.3 billion for the same period of 2021.
- **Total revenue** increased by 15.8% to RMB28.3 billion from RMB24.4 billion for the same period of 2021. Online marketing services and live streaming contributed 53.4% and 35.5%, respectively, to the total revenue. The other 11.1% came from other services.
- **Gross profit** increased by 26.9% to RMB12.9 billion from RMB10.1 billion for the same period in 2021. Gross profit margin in the fourth quarter of 2022 was 45.5%, improving from 41.5% for the same period of 2021.
- **Operating profit from the domestic segment⁽³⁾** was RMB1.3 billion, compared to an operating loss of RMB847.4 million for the same period of 2021.

Full Year 2022 Key Highlights

- **Average DAUs on Kuaishou APP** were 355.7 million, representing an increase of 15.4% from 308.2 million in 2021.
- **Average MAUs on Kuaishou APP** were 612.7 million, representing an increase of 12.6% from 544.2 million in 2021.
- **Average daily time spent per DAU⁽¹⁾** was 129.2 minutes, representing an increase of 15.9% from 111.5 minutes in 2021.
- **Total GMV of e-commerce transactions facilitated on our platform⁽²⁾** was RMB901.2 billion, representing an increase of 32.5% from RMB680.0 billion in 2021.
- **Total revenue** increased by 16.2% to RMB94.2 billion from RMB81.1 billion in 2021. Online marketing services and live streaming contributed 52.1% and 37.6%, respectively, to the total revenue. The other 10.3% came from other services.
- **Gross profit** increased by 23.8% to RMB42.1 billion from RMB34.0 billion in 2021. Gross profit margin in 2022 was 44.7%, improving from 42.0% in 2021.
- **Operating profit from the domestic segment⁽³⁾** was RMB192.1 million, compared to an operating loss of RMB8.7 billion in 2021.

Mr. Cheng Yixiao, Co-founder and Chief Executive Officer of Kuaishou said, "We embraced the challenges in 2022 with an unyielding commitment to elevating our inclusive and diverse ecosystem and optimizing the experiences and returns for our users, content creators, advertisers and merchants. With the continuous improvement of our commercial ecosystem and operational efficiency, adjusted EBITDA for the full year of 2022 turned positive. We also set new records in the average DAUs and MAUs on Kuaishou App, as well as average daily time spent per DAU in the fourth quarter of 2022. Meanwhile, our revenues increased by 16.2% year-over-year to RMB94.2 billion in 2022, which was primarily attributable to the steady growth of our online marketing services, live streaming business and e-commerce business. Our full-year e-commerce GMV increased by 32.5% year-over-year to RMB901.2 billion. At the same time, we incorporated social responsibilities into our corporate culture and operations to promote sustainability, equality and inclusive growth. Looking forward, we will continue to build on and accelerate our strong momentum to deliver long-term value to our ecosystem participants and shareholders."

Fourth Quarter 2022 Financial Review

Revenue from our online marketing services increased by 14.0% to RMB15.1 billion for the fourth quarter of 2022, from RMB13.2 billion for the same period of 2021, primarily attributable to the growth in the number of advertisers and the increased advertising spending from advertisers, especially from our e-commerce merchants, driven by the increased traffic on our platform, diversified product portfolio and refined operation based on industry attributes.

Revenue from our live streaming business increased by 13.7% to RMB10.0 billion for the fourth quarter of 2022, from RMB8.8 billion for the same period of 2021, as a result of the 20.4% year-over-year growth in average MPUs, which was supported by consistent enrichment of content supply, continuous optimization of our live streaming ecosystem and algorithms.

Revenue from our other services increased by 33.7% to RMB3.2 billion for the fourth quarter of 2022, from RMB2.4 billion for the same period of 2021, primarily attributable to the growth of our e-commerce business, as a result of the growth in e-commerce GMV. The growth in our e-commerce GMV was driven by an increase in the number of active merchants, number of active e-commerce paying users and average order value.

Other Key Financial Information for the Fourth Quarter of 2022

Operating loss was RMB1.2 billion, significantly narrowed from RMB5.8 billion for the same period of 2021. **Operating profit from the domestic segment⁽³⁾** was RMB1.3 billion, compared to an operating loss of RMB847.4 million for the same period of 2021. **Adjusted net loss⁽⁴⁾** was RMB45.3 million, narrowed substantially from RMB3.6 billion for the same period of 2021. **Adjusted EBITDA⁽⁵⁾** was RMB1.9 billion, compared to adjusted EBITDA of negative RMB1.3 billion for the same period of 2021.

Full Year 2022 Financial Review

Revenue from our online marketing services increased by 14.9% to RMB49.0 billion in 2022 from RMB42.7 billion in 2021, primarily attributable to the growth in

the number of advertisers and the increased spending from advertisers, especially from our e-commerce merchants, driven by the increased traffic on our platform, diversified product portfolio and refined operation based on industry attributes.

Revenue from our live streaming business increased by 14.2% to RMB35.4 billion in 2022 from RMB31.0 billion in 2021, as a result of 19.4% growth in average MPUs, which was supported by the consistent enrichment of content supply, evolving collaboration strategy with talent agencies and continuous optimization of our live streaming ecosystem and algorithms.

Revenue from our other services increased by 31.4% to RMB9.8 billion in 2022 from RMB7.4 billion in 2021, primarily attributable to the growth of our e-commerce business, as a result of the growth in e-commerce GMV. The growth in our e-commerce GMV was driven by an increase in the number of active merchants, number of active e-commerce paying users and the improved repeat purchase rate.

Other Key Financial Information for the Full Year of 2022

Operating loss was RMB12.6 billion, significantly narrowed from RMB27.7 billion in 2021. **Operating profit from the domestic segment⁽³⁾** was RMB192.1 million, compared to an operating loss of RMB8.7 billion in 2021. **Adjusted net loss⁽⁴⁾** was RMB5.8 billion, narrowed substantially from RMB18.9 billion in 2021. **Adjusted EBITDA⁽⁵⁾** was RMB1.8 billion, compared to adjusted EBITDA of negative RMB13.0 billion in 2021.

Total available funds⁽⁶⁾ reached RMB44.7 billion as of December 31, 2022.

Notes:

(1) Key operating data are those on Kuaishou App for the periods indicated

(2) Placed on or directed to our partners through our platform

(3) Unallocated items, which consist of share-based compensation expenses, other income, and other gains/(losses), net, are not included.

(4) We define "adjusted net loss" as loss for the year or period adjusted by share-based compensation expenses, fair value changes of convertible redeemable preferred shares, and net fair value changes on investments.

(5) We define "adjusted EBITDA" as adjusted net loss for the year or period adjusted by income tax expenses/(benefits), depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance (income)/expense, net.

(6) Total available funds included but not limited to cash and cash equivalents, time deposit, financial assets and restricted cash. Financial assets mainly included wealth management products and others.

Business Review

Our fourth quarter results represent the culmination of a year marked by strong execution amid changing macro dynamics. Our user and content ecosystem was more vibrant than ever as we continued to grow the depth and breadth of our content, enhance services on our platform, and deploy more efficient user acquisition strategies. In the fourth quarter of 2022, we set new records in the average DAUs and MAUs on Kuaishou App, as well as average daily time spent per DAU. To unlock the massive value in our traffic, which continues to grow despite the enormous base, we implemented long-term initiatives in areas such as brand promotion, infrastructure, and ecosystem governance while deepening our operations in online marketing services and e-commerce, leading to continued gains in both mindshare and market share among advertisers and merchants.

In particular, our e-commerce GMV increased by 30% year-over-year in the fourth quarter of 2022, despite the supply and fulfillment disruptions in the industry caused by COVID-19. This successfully took our full-year e-commerce GMV beyond RMB900.0 billion. More importantly, we achieved our growth objectives in parallel with operating efficiency gains and more rationalized spending. In the fourth quarter of 2022, our domestic business more than tripled its operating profit quarter-over-quarter, bringing its full-year operating profit into positive territory. Our Group's adjusted EBITDA also turned positive for full-year 2022.

User and content ecosystem

In the fourth quarter of 2022, we continued to improve user acquisition efficiency by upgrading our user growth strategy, further enriched our creative ecosystem, and strengthened the supply of high-quality content. Through our algorithm-based learning system targeting different user groups, we also holistically optimized our operating metrics, such as user time spent and interactions, to improve user retention. In the fourth quarter of 2022, average DAUs and MAUs on Kuaishou App both hit record highs, reaching 366.2 million and 640.0 million, respectively, representing a year-over-year increase of 13.3% and 10.7%, respectively. In addition, average daily time spent per DAU on Kuaishou App increased by 12.6% year-over-year to 133.9 minutes in the fourth quarter of 2022. This steady growth in our user traffic demonstrates the strong appeal of our short video and live streaming community. It is also a testament to the fact that Kuaishou has become a one-stop platform for more users to find useful and interesting short video and live streaming content and to obtain services.

With respect to our user growth strategy, we continued to refine our personalized strategy and operations through algorithms, and consistently optimized user retention costs. In addition, we have been actively exploring user acquisition opportunities by leveraging more high-quality native short videos and live streaming content. In addition to our growing number of high-quality users, the vitality of Kuaishou's community has also been continuously increasing. By the end of 2022, pairs of mutual followers on Kuaishou App reached a cumulative 26.7 billion, increasing by 63.4% year-over-year. In addition, in the fourth quarter of 2022, average daily short video interactions (including likes, comments, and forwarding, etc.) increased by more than 50% year-over-year.

With a robust creative ecosystem as our foundation, we continued to enrich our content supply across various verticals. Specifically, we further strengthened our leadership in the short play segment. In 2022, our **Project Astral (星芒計劃)** has produced over 200 short plays in total, of which over 100 short plays have each received more than 100 million views accumulatively by the end of 2022. We are also actively striving to commercialize our short plays via advertising, e-commerce and paid content to build a sustainable, win-win ecosystem for creators and our platform. With respect to knowledge-based content, we created **Kuaishou New Knowledge (快手新知)**, a pan-knowledge IP currently covering more than 10 fields such as education, humanities, art, and science. The number of news-related videos uploaded by the media institutions in the fourth quarter of 2022 more than doubled year-over-year. Meanwhile, users who were prompted by major events to consume news on our platform have gradually become our loyal users. Separately, popular variety shows have also had a positive impact on new user acquisition and fortified our brand image in users' mindsets. For example, the Jay Chou's Online Friends Club held in November 2022 recorded a peak concurrent views of over 11.3 million and received over 1.1 billion likes, making it a hot topic on the entire internet.

In addition to the efforts above, we consistently optimized our search function. In the fourth quarter of 2022, nearly 400.0 million users on Kuaishou App used Kuaishou search every month on average, and the average number of daily searches nearly doubled year-over-year. Our efforts to map users' search patterns and understand their search mindset not only provided more accurate content solutions for users, but also more room for the growth of our online marketing and e-commerce services.

Online marketing services

In 2022, we faced challenges from a slowdown of the online advertising market due to the macro economy headwinds. As consumption recovered after the domestic pandemic control policies were eased in December 2022, Kuaishou outperformed the industry in growth by virtue of our continuously growing traffic, rich product portfolio, and enhanced organizational efficiency. In the fourth quarter of 2022, revenue from online marketing services increased by 14.0% year-over-year,

accounting for 53.4% of total revenue.

We provided advertisers with comprehensive industry solutions and elevated the performance and conversion efficiencies of advertising solutions through refined operations, algorithms, and products with in-depth integration of industry attributes. We launched more efficient advertisement performance assurance to our advertisers, coupled with the enhancement of underlying algorithm strategy, which led to more steady spending. With a focus on the holistic health of our advertising ecosystem, we promoted advertiser growth via various channels and through proactive, industry-specific support policies and other measures. The number of our advertisers maintained a rapid growth momentum year-over-year in the fourth quarter of 2022.

The main growth driver of our online advertising services in the fourth quarter of 2022 was the healthy development of advertising services for our native e-commerce merchants. As the macro economy and consumption gradually recovered, fueled by various e-commerce promotion events in the fourth quarter of 2022, revenue from our e-commerce merchants continued to grow at a healthy pace, particularly in sectors such as Fast Moving Consumer Goods (FMCG) and food and beverage. We also improved advertising conversion through a dual strategy, employing both short video and live streaming, which further improved short videos' proportion to our online marketing revenue. In addition, the advancements we made in our original content programs allowed us to tap further into our organic traffic pool. This helped native e-commerce advertisers enhance traffic efficiency across public and private domains and realize their long-term business targets.

With regard to brand advertising, we increased our brand advertising inventory and optimized our sell-through rates by leveraging key promotions and our own marketing programs in the fourth quarter of 2022. We also boosted these results by continuously iterating our brand advertising products. During our Double 11 Sales Promotion, we teamed up with Henan TV to organize the China Chic Ceremony evening gala, which we customized to our advertisers' needs. Through individualized content planning and co-creations with KOLs, we achieved high-quality content dissemination while realizing commercial value. Advertisers have further recognized the value of promoting brands on the Kuaishou platform, driving an over 20% year-over-year increase in our brand advertising revenue.

E-commerce

In the interest of fostering long-term trust among consumers and merchants on our platform, we have taken various initiatives, including building merchandise infrastructure and enhancing our ecosystem governance. These efforts are intended to develop a worry-free "trust-based community" for merchants and consumers. In the fourth quarter of 2022, the disruptions in merchandise supply and fulfillment caused by the pandemic challenged the traditional e-commerce peak season. We responded swiftly to ensure logistics capacity and the availability of e-commerce streamers. These actions, coupled with our algorithm-based and targeted promotions, minimized the pandemic's impact on user experience. As a result, our e-commerce GMV maintained fast growth in the fourth quarter of 2022, up 30% year-over-year, successfully taking our full-year e-commerce GMV beyond RMB900.0 billion.

On the supply side, we focused on long-term initiatives, including merchant operations, brands, and merchandise infrastructure. We continued to onboard new merchants with an emphasis on growing the number of high-quality active merchants. We upgraded our "service provider team" to our "merchant development department" by integrating the capabilities of our service providers and our products and traffic capabilities to provide a one-stop service for merchants, especially high-potential small and medium-sized merchants that need support, helping them make a smooth transition from cold starts to sales ramp-up. We updated our store scores system based on merchandise quality, logistics timeliness, and service competencies, to better identify high-quality merchants for traffic support and more refined tiered operations. Furthermore, we continued to strengthen the relationship modeling between long-term high-value users and merchants through algorithms, which significantly contributed to the increase of the overall GMV. At the same time, we further improved the accuracy of merchandise recommendation and matching, and the live streaming GPM of public domain traffic in the fourth quarter of 2022 continued to maintain a rapid year-on-year growth. As a result, the number of monthly active merchants grew by over 50% year-over-year in the fourth quarter of 2022, while the average monthly unit store sales of leading merchants increased by double digits year-over-year.

We achieved strong progress in brand e-commerce in the fourth quarter of 2022 on the back of grand sales promotions in the quarter. Leveraging high-quality public domain traffic and the trust-based private domain in our dual-engine model, we established an end-to-end path from "recommendation" to "transaction", driving consistent growth in brand GMV, including **Kwai Brands (快品牌)**. Overall brand GMV grew at an accelerated pace quarter-over-quarter and its share of our total e-commerce GMV expanded further to almost 30% in the fourth quarter of 2022. For **Kwai Brands**, we focused on the development and support of high-quality **Kwai Brands** and launched our **Super Kwai Brands (超級快品牌)** event to increase brand exposure, and reinforced brand awareness through integrated online and offline activities. As a result, **Kwai Brands** delivered GMV growth of over 80% year-over-year during the November 6 Grand Promotions. We also set up a disqualification system for lower performers to make sure Kwai brands are able to continue to provide high quality products and services. As a result, **Kwai Brands** achieved better results in its return and repeat purchase rates compared with the overall platform in 2022. For more established brand merchants, in the fourth quarter of 2022, we fully harnessed our high-quality KOL resources and helped refine their product and content operations to better cater to our ecosystem and users. This fostered more blockbuster products and facilitated deeper connections with brand followers, altogether resulting in a dual surge in the brands' share of voice and share of sales. In the fourth quarter of 2022, the number of brands with sales above RMB100.0 million increased by over 50% year-over-year, demonstrating growing recognition of Kuaishou's user value and unique e-commerce ecosystem. In 2022, the number of brand merchants maintained rapid growth, and more than 90% of these merchants were active brand merchants.

To further strengthen our merchandising capabilities, we continued to increase the accuracy, diversity, and coverage of product labels, gaining deeper insights into merchandise pricings, brand attributes, and transaction trends. At the same time, we profiled "good merchandise" for Kuaishou users based on users' needs before, during, and after sales. We continually optimized the system from the moment the merchandise landed on our platform, providing relevant, reliable, and high-quality information to elevate users' shopping experience. We also incorporated merchandise characteristics into our algorithm-based recommendation system to enhance user-merchandise matching efficiency and users' product awareness, further fortifying their shopping mindsets.

On the consumption side, we improved user conversion efficiency by refining our user operation strategies and consistently optimizing our subsidy promotion based on algorithm. In these efforts, we benefitted from our efficient identification of potential consumers. In the fourth quarter of 2022, monthly active paying users increased further year-over-year and quarter-over-quarter, representing a penetration rate of high double digits. Monthly purchase frequency also improved quarter-over-quarter, while average order value expanded year-over-year and quarter-over-quarter. Moreover, our user review system gradually matured. With an increased weight of user satisfaction metrics in our algorithms, we achieved a consistent decline in negative merchandise feedback and customer complaint rates (CCR), demonstrating notable improvements in the e-commerce shopping experience with us. In addition, upholding the standard of "reliable quality and worry-free after-sales services", we have rolled out over 20 consumer rights and interests protection services on our platform. Meanwhile, our coverage of e-commerce orders with trusted-purchase and other protections grew by 460% compared with 2021.

Live streaming

In the fourth quarter of 2022, live streaming revenue increased by 13.7% year-over-year to RMB10.0 billion, reaching a historical high. Average MPUs for live streaming grew by 20.4% year-over-year to 58.4 million. Our efforts to consistently diversify our content offerings, optimize our live streaming ecosystem, and iterate our algorithms propelled these achievements. We continued to strengthen our cooperation with top talent agencies and streamers while attracting more high-quality streamers to join our platform. We also launched a recruitment policy to sign up top-notch streamers and promote the development of live streaming as a profession. To enrich high-quality live streaming content supply in various verticals on our platform, we introduced vertical programs in folk music, opera, and dance in our annual live streaming ceremony.

Importantly, we have attached increasing importance to the healthy and sustainable development of our live streaming ecosystem. For example, through the Top 100 Streamer Selection, we encouraged leading streamers from all walks of life to continue providing users with high-quality live streaming content. We also skewed our traffic support to accelerate growth and improve the retention for new streamers, while guiding the traditional KOLs to further enhance content quality. Through refined recommendations and algorithms, we improved the conversion of users' rewarding behavior in the public domain based on the generalized modeling of users' gifting interests, growing our public domain live streaming revenue by over 150% year-over-year in the fourth quarter of 2022.

In addition, we made continuous efforts to expand live streaming usage scenarios and build associated infrastructure to better satisfy users' and business partners' needs. In the fourth quarter of 2022, average daily resume submissions on **Kwai Hire (快聘)** more than doubled compared with the first quarter of 2022. Meanwhile, cumulative transactions volume on **Ideal Housing (理想家)** exceeded RMB10.0 billion just half a year after its launch.

Overseas

In terms of our overseas business, we continued to focus on developing our markets in key countries, optimizing resource allocation and elevating operational efficiency. These efforts helped us further improve the bottom line of our overseas business. In addition to optimizing our customer acquisition costs across all channels, our overseas user base achieved healthy, steady growth. Through rich, constructive content offerings, we built user mindsets for consuming news on our platform, as well as short plays and other content verticals in which we excel. Moreover, we kept upgrading our products and algorithms to further strengthen user engagement, with average daily time spent per DAU growing to over 65 minutes in our overseas markets.

We also steadily improved our commercial ecosystem and enhanced our monetization capabilities, leading to rapid revenue expansions in the overseas markets. On the advertising front, we constantly created success cases and expanded our advertiser base. Through refined customer operations, we empowered advertisers to broaden their brand influence and achieve more growth upside. In terms of live streaming, we onboarded more streamers and talent agencies, which enriched our content offerings and deepened our live streaming penetration. Meanwhile, we continued to grow our live streaming revenue via refined operations and diverse operational activities. Additionally, we have been actively exploring e-commerce opportunities in the overseas markets.

Corporate social responsibilities

Leveraging our advanced short video and live streaming capacity, as well as our equitable traffic allocation mechanism, Kuaishou has built an inclusive, trust-based digital community for hundreds of millions of users, empowering participants from all walks of life to explore new usage scenarios, new opportunities, and new business models, advancing the integration of digital technology and the real economy, and facilitating the development of the digital economy and Digital China.

Since we commenced its operation in 2021, **Kwai Hire** has reinvented a trust-based recruitment process and a live streaming recruitment model, connecting job seekers and enterprise recruiters on our digital-native platform. Benefiting from matching efficiency and premier user experience unique to an online recruitment model, live streaming recruitment has become a major recruitment channel for enterprise recruiters and blue-collar job seekers in Kunshan, Jiangsu Province. **Kwai Hire** has formulated a new **Kunshan Model (昆山模式)** of live streaming recruitment, combining core features of "digitalized human resources service", "digitalized enterprise recruitment process", and "digital empowerment by platform".

Business outlook

Looking ahead, we will continue making strides in upgrading our infrastructure, algorithms, usage scenarios and the multiple growth engines of our business, in tandem with our endeavor to further optimize cost structure and improve our operating efficiency. We are confident that our efforts to create value for all our ecosystem participants, with our inclusive and balanced traffic distribution strategy, will draw more users and creative talents to our platform, as such taking our unique, trust-based user and content community to new heights.

With continual enhancements to our user experience and commercial ecosystems, we look forward to further unlocking major monetization opportunities fostered by the massive scale of our traffic in both our private and public domains, our strong user engagement, high e-commerce repeated purchase rates at our platform, and our superior advertising conversion performance. In 2023, through relentless efforts to meet the needs and even exceed the expectation of our users and achieve better returns for our business partners, we will strive to strengthen our market position in online marketing and e-commerce, while creating additional shareholder value through improved monetization and efficiency enhancement measures that drive sustainable profitability over the long-term.

About Kuaishou

Kuaishou is a leading content community and social platform with its mission to be the most customer-obsessed company in the world. Kuaishou has relentlessly been focusing on serving its customers and creating value for them through the continual innovation and optimization of its products and services. At Kuaishou, any user can chronicle and share their life experiences through short videos and live streams and showcase their talents. Working closely with content creators and businesses together, Kuaishou provides product and service offerings that address various user needs that arise naturally, including entertainment, online marketing services, e-commerce, online games, online knowledge-sharing, and more.

Forward-Looking Statements

Certain statements included in this press release, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "might", "can", "could", "will", "would", "anticipate", "believe", "continue", "estimate", "expect", "forecast", "intend", "plan", "seek", or "timetable". These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include our business outlook, estimates of financial performance, forecast business plans, growth strategies and projections of anticipated trends in our industry. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this press release. They are based on certain expectations, assumptions and premises, many of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this press release should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this press release or those that might reflect the occurrence of unanticipated events.

For investor and media inquiries, please contact

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CONDENSED CONSOLIDATED INCOME STATEMENT

| | Unaudited | | | Audited | |
|--|---------------------|--------------------|-------------------|---------------------|-------------------|
| | Three Months Ended | | | Year Ended | |
| | December 31, 2022 | September 30, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenues | 28,292,284 | 23,128,413 | 24,430,260 | 94,182,522 | 81,081,513 |
| Cost of revenues | (15,415,716) | (12,425,410) | (14,281,697) | (52,051,359) | (47,051,808) |
| Gross profit | 12,876,568 | 10,703,003 | 10,148,563 | 42,131,163 | 34,029,705 |
| Selling and marketing expenses | (9,739,839) | (9,130,341) | (10,229,580) | (37,120,984) | (44,175,898) |
| Administrative expenses | (1,034,485) | (1,059,353) | (919,756) | (3,921,001) | (3,400,316) |
| Research and development expenses | (3,445,952) | (3,533,090) | (4,016,063) | (13,784,176) | (14,956,247) |
| Other income | 450,616 | 687,184 | 222,516 | 1,547,498 | 1,026,742 |
| Other (losses)/gains, net | (350,201) | (279,595) | (995,834) | (1,410,452) | (225,251) |
| Operating loss | (1,243,293) | (2,612,192) | (5,790,154) | (12,557,952) | (27,701,265) |
| Finance income/(expense), net | 106,772 | 68,258 | (56,730) | 165,574 | (38,536) |
| Fair value changes of convertible redeemable preferred shares | - | - | - | - | (51,275,797) |
| Share of losses of investments accounted for using the equity method | (26,585) | (31,386) | (24,771) | (138,683) | (86,658) |
| Loss before income tax | (1,163,106) | (2,575,320) | (5,871,655) | (12,531,061) | (79,102,256) |
| Income tax (expenses)/benefits | (383,908) | (137,081) | (331,088) | (1,158,299) | 1,025,155 |
| Loss for the period | (1,547,014) | (2,712,401) | (6,202,743) | (13,689,360) | (78,077,101) |
| Attributable to: | | | | | |
| —Equity holders of the Company | (1,547,078) | (2,713,263) | (6,202,042) | (13,690,732) | (78,073,643) |
| —Non-controlling interests | 64 | 862 | (701) | 1,372 | (3,458) |
| | (1,547,014) | (2,712,401) | (6,202,743) | (13,689,360) | (78,077,101) |

CONDENSED CONSOLIDATED BALANCE SHEET

| | Audited | |
|---|--------------------|------------|
| | As of December 31, | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| ASSETS | | |
| Non-current assets | | |
| Property and equipment | 13,214,811 | 11,050,654 |
| Right-of-use assets | 10,805,724 | 12,561,745 |
| Intangible assets | 1,122,667 | 1,171,754 |
| Investments accounted for using the equity method | 268,355 | 1,411,141 |
| Financial assets at fair value through profit or loss | 3,625,743 | 3,300,623 |
| Other financial assets at amortized cost | 669,655 | - |
| Deferred tax assets | 5,095,406 | 5,405,224 |
| Long-term time deposits | 7,870,000 | 4,000,000 |
| Other non-current assets | 776,263 | 603,367 |
| | 43,448,624 | 39,504,508 |
| Current assets | | |
| Trade receivables | 6,287,770 | 4,450,092 |
| Prepayments, other receivables and other current assets | 4,106,202 | 3,278,318 |
| Financial assets at fair value through profit or loss | 13,087,444 | 8,842,203 |
| Other financial assets at amortized cost | 726,130 | - |
| Short-term time deposits | 8,318,078 | 3,825,420 |
| Restricted cash | 58,771 | 2,415 |
| Cash and cash equivalents | 13,274,269 | 32,612,419 |

| | | |
|---------------------|--------------------------|--------------------------|
| | <u>45,858,664</u> | <u>53,010,867</u> |
| Total assets | <u><u>89,307,288</u></u> | <u><u>92,515,375</u></u> |

Audited
As of December 31,
2022 **2021**
RMB'000 **RMB'000**

EQUITY AND LIABILITIES

Equity attributable to equity holders of the

Company

| | | |
|--------------------|----------------------|----------------------|
| Share capital | 145 | 142 |
| Share premium | 274,473,174 | 274,407,796 |
| Other reserves | 29,238,970 | 20,853,674 |
| Accumulated losses | <u>(263,882,584)</u> | <u>(250,172,236)</u> |
| | <u>39,829,705</u> | <u>45,089,376</u> |

| | | |
|----------------------------------|--------------|--------------|
| Non-controlling interests | <u>8,063</u> | <u>6,595</u> |
|----------------------------------|--------------|--------------|

| | | |
|---------------------|--------------------------|--------------------------|
| Total equity | <u><u>39,837,768</u></u> | <u><u>45,095,971</u></u> |
|---------------------|--------------------------|--------------------------|

LIABILITIES

Non-current liabilities

| | | |
|-------------------------------|------------------|-------------------|
| Lease liabilities | 8,720,685 | 10,079,847 |
| Deferred tax liabilities | 23,346 | 28,477 |
| Other non-current liabilities | <u>15,819</u> | <u>55,560</u> |
| | <u>8,759,850</u> | <u>10,163,884</u> |

Current liabilities

| | | |
|-----------------------------|-------------------|-------------------|
| Accounts payables | 22,868,452 | 20,021,082 |
| Other payables and accruals | 10,189,552 | 9,123,367 |
| Advances from customers | 3,240,402 | 3,502,642 |
| Income tax liabilities | 936,459 | 1,079,591 |
| Lease liabilities | <u>3,474,805</u> | <u>3,528,838</u> |
| | <u>40,709,670</u> | <u>37,255,520</u> |

| | | |
|--------------------------|--------------------------|--------------------------|
| Total liabilities | <u><u>49,469,520</u></u> | <u><u>47,419,404</u></u> |
|--------------------------|--------------------------|--------------------------|

| | | |
|-------------------------------------|--------------------------|--------------------------|
| Total equity and liabilities | <u><u>89,307,288</u></u> | <u><u>92,515,375</u></u> |
|-------------------------------------|--------------------------|--------------------------|

Financial Information by Segment

| | Unaudited Three Months Ended | | | | | | | | | | | |
|--------------------------------|-------------------------------------|-------------|----------------------|--------------------|---------------------------|-------------|----------------------|-------------|--------------------------|-------------|----------------------|-------------|
| | December 31, 2022 | | | | September 30, 2022 | | | | December 31, 2021 | | | |
| | Domestic | Overseas | Unallocated items | Total | Domestic | Overseas | Unallocated items | Total | Domestic | Overseas | Unallocated items | Total |
| | <i>RMB'000</i> | | | | <i>RMB'000</i> | | | | <i>RMB'000</i> | | | |
| Revenues | 28,007,591 | 284,693 | - | 28,292,284 | 22,939,050 | 189,363 | - | 23,128,413 | 24,384,103 | 46,157 | - | 24,430,260 |
| Operating profit/(loss) | 1,267,205 | (1,499,133) | (1,011,365) | (1,243,293) | 375,070 | (1,686,912) | (1,300,350) | (2,612,192) | (847,358) | (2,427,007) | (2,515,789) | (5,790,154) |

| Audited Year Ended December 31, | | | | | | | | |
|---------------------------------|------------|-------------|-------------------|--------------|-------------|--------------|-------------------|--------------|
| | 2022 | | | 2021 | | | | |
| | Domestic | Overseas | Unallocated items | Total | Domestic | Overseas | Unallocated items | Total |
| | RMB'000 | | | | RMB'000 | | | |
| Revenues | 93,557,462 | 625,060 | - | 94,182,522 | 81,006,397 | 75,116 | - | 81,081,513 |
| Operating profit/(loss) | 192,110 | (6,637,993) | (6,112,069) | (12,557,952) | (8,677,389) | (11,995,118) | (7,028,758) | (27,701,265) |

Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures

| | Unaudited | | | Audited | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|
| | Three Months Ended | | | Year Ended | |
| | December 31, 2022 | September 30, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | (RMB'000) | | | (RMB'000) | |
| Loss for the period | (1,547,014) | (2,712,401) | (6,202,743) | (13,689,360) | (78,077,101) |
| Add: | | | | | |
| Share-based compensation expenses | 1,111,780 | 1,707,939 | 1,742,471 | 6,249,115 | 7,830,249 |
| Fair value changes of convertible redeemable preferred shares | - | - | - | - | 51,275,797 |
| Net fair value changes on investments ⁽¹⁾ | 389,912 | 332,516 | 891,504 | 1,688,811 | 119,286 |
| Adjusted net loss | (45,322) | (671,946) | (3,568,768) | (5,751,434) | (18,851,769) |
| Adjusted net loss | (45,322) | (671,946) | (3,568,768) | (5,751,434) | (18,851,769) |
| Add: | | | | | |
| Income tax expenses/(benefits) | 383,908 | 137,081 | 331,088 | 1,158,299 | (1,025,155) |
| Depreciation of property and equipment | 890,959 | 810,387 | 1,077,220 | 3,212,104 | 3,985,910 |
| Depreciation of right-of-use assets | 776,176 | 779,714 | 776,990 | 3,221,589 | 2,735,442 |
| Amortization of intangible assets | 36,968 | 36,307 | 36,554 | 139,734 | 163,665 |
| Finance (income)/expense, net | (106,772) | (68,258) | 56,730 | (165,574) | 38,536 |
| Adjusted EBITDA | 1,935,917 | 1,023,285 | (1,290,186) | 1,814,718 | (12,953,371) |

Note:

(1) Net fair value changes on investments represents net fair value (gains)/losses on financial assets at fair value through profit or loss of our investments in listed and unlisted entities, net (gains)/losses on deemed disposals of investments and impairment provision for investments, which is unrelated to our core business and operating performance and subject to market fluctuations, and exclusion of which provides investors with more relevant and useful information to evaluate our performance.

View original content: <https://www.prnewswire.com/news-releases/kuaihou-technology-announces-fourth-quarter-and-full-year-2022-financial-results-301784366.html>

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