Kuaishou Technology Announces Second Quarter and Interim 2023 Unaudited Financial Results

2023.08.22

HONG KONG, Aug. 22, 2023 /PRNewswire/ -- Kuaishou Technology (HK Counter:01024/RMB Counter: 81024) (the "Company" or "Kuaishou"), a leading content community and social platform, today announced its unaudited consolidated results for the three months ("Second Quarter") and six months ("Interim") ended June 30, 2023.

Second Quarter 2023 Key Highlights

- **Average DAUs on Kuaishou APP** were 376.0 million, representing an increase of 8.3% from 347.3 million for the same period of 2022.
- **Average MAUs on Kuaishou APP** were 673.3 million, representing an increase of 14.8% from 586.7 million for the same period of 2022.
- **Total e-commerce GMV[(1)]** was RMB265.5 billion, representing an increase of 38.9% from RMB191.2 billion for the same period of 2022.
- **Total revenue** increased by 27.9% to RMB27.7 billion from RMB21.7 billion for the same period of 2022. Online marketing services and live streaming contributed 51.7% and 35.9%, respectively, to the total revenue. The other 12.4% came from other services.
- **Gross profit** increased by 42.6% to RMB13.9 billion from RMB9.8 billion for the same period of 2022. Gross profit margin in the second quarter of 2023 was 50.2%, improving from 45.0% for the same period of 2022.
- **Profit for the period** was RMB1.5 billion, compared to a loss of RMB3.2 billion for the same period of 2022. **Adjusted net profit[(2)]** was RMB2.7 billion, compared to adjusted net loss[(2)] of RMB1.3 billion for the same period of 2022.
- **Operating profit from the domestic segment[(3)]** increased to RMB3.0 billion from RMB93 million for the same period of 2022.

First Half 2023 Key Highlights

- **Average DAUs on Kuaishou APP** were 375.1 million, representing an increase of 8.3% from 346.4 million for the same period of 2022.
- **Average MAUs on Kuaishou APP** were 663.9 million, representing an increase of 12.1% from 592.3 million for the same period of 2022.
- **Total e-commerce GMV** was RMB490.2 billion, representing an increase of 33.8% from RMB366.2 billion for the same period of 2022.
- **Total revenue** increased by 23.9% to RMB53.0 billion from RMB42.8 billion for the same period of 2022. Online marketing services and live streaming contributed 51.8% and 36.4%, respectively, to the total revenue. The other 11.8% came from other services.
- **Gross profit** increased by 38.2% to RMB25.6 billion from RMB18.6 billion for the same period of 2022. Gross profit margin in the first half of 2023 was 48.4%, improving from 43.4% for the same period of 2022.
- **Profit for the period** was RMB605 million, compared to a loss of RMB9.4 billion for the same period of 2022. **Adjusted net profit** was RMB2.7 billion, compared to adjusted net loss of RMB5.0 billion for the same period of 2022.
- **Operating profit from the domestic segment** was RMB4.0 billion, compared to an operating loss of RMB1.5 billion for the same period of 2022.

Mr. Cheng Yixiao, Co-founder and Chief Executive Officer of Kuaishou said, "We are proud to have achieved another key profitability milestone in the second quarter of 2023, recording our first-ever group-level net profit since our listing as we continued to scale our vibrant user and content ecosystem, optimize our monetization models and enhance our operating efficiency. The average DAUs and MAUs on the Kuaishou App hit another set of record highs in the second quarter, reaching 376.0 million and 673.3 million, respectively. Our total revenue for the second quarter grew at 27.9% year-over-year to RMB27.7 billion, showcasing the vibrancy of our commercialization ecosystem and its flywheel effect. Looking ahead, we will continue to pursue strategic excellence and sustainable developments, fortifying our infrastructure, algorithms and multiple growth engines to create value for our users, partners and shareholders."

Second Quarter 2023 Financial Review

Revenue from our online marketing services increased by 30.4% to RMB14.3 billion for the second quarter of 2023, from RMB11.0 billion for the same period of 2022, primarily attributable to the growth in the number of advertisers and increased spending from advertisers, especially from our e-commerce merchants, driven by the recovery of advertising market and our efforts to further strengthen our product capabilities and infrastructure.

Revenue from our live streaming business increased by 16.4% to RMB10.0 billion for the second quarter of 2023, from RMB8.6 billion for the same period of 2022, as a result of a year-over-year growth in monthly ARPPU, which was supported by our continuous efforts in enriching content supply, optimizing our live streaming ecosystem and exploring user preferences and needs.

Revenue from our other services increased by 61.4% to RMB3.4 billion for the second quarter of 2023, from RMB2.1 billion for the same period of 2022, primarily due to the growth of our e-commerce business, as a result of the growth in e-commerce GMV and continuous improvement in our business strategy in e-commerce. The increases in the number of active merchants and monthly active e-commerce paying users led to the growth of e-commerce GMV.

Other Key Financial Information for the Second Quarter of 2023

Operating profit was RMB1.3 billion, compared to an operating loss of RMB3.1 billion for the same period of 2022.

Adjusted EBITDA(4) was RMB4.3 billion, increasing from RMB408 million for the same period of 2022.

Total available funds(5) reached RMB50.5 billion as of June 30, 2023.

Notes:

(1) Placed on or directed to our partners through our platform.

(2) We define "adjusted net profit/(loss)" as profit/(loss) for the period adjusted by share-based compensation expenses and net fair value changes on investments.

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

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

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

Business Review

In the second quarter of 2023, we maintained our growth trajectory and hit another major profitability milestone, achieving the first-ever group-level net profit in a quarter since our listing on the Stock Exchange in 2021. This accomplishment strongly validated the effectiveness of our strategy of simultaneously expanding our user base and content ecosystem, deepening our monetization capabilities, and optimizing operating efficiency.

Our vibrant user community has continued to scale with elevated engagement in the post pandemic times, laying a solid foundation for the healthy and sustainable operations of content creators, advertisers and merchants on our platform. These groups in turn provide more valuable content and services to our users, thus establishing a virtuous development cycle and fostering a more integrated ecosystem of content and commercialization.

As our improving infrastructure, products and services as well as our omni-domain strategy drove higher ROI for our advertisers and e-commerce merchant partners, our market share gains in online advertising and e-commerce accelerated further. Our short video plus livestreaming offerings also continuously demonstrated abilities of extending content, social interactions and monetization scenarios on our platform and empowering more traditional offline industries through our "livestreaming +" model.

While driving ecosystem and revenue growth, we also continued to pursue operating efficiency and leverage on greater economies of scale, leading to a group-level net profit of approximately RMB1.5 billion in the second quarter of 2023.

User and content ecosystem

In the second quarter of 2023, average DAUs and MAUs on the Kuaishou App reached 376.0 million and 673.3 million, representing a year-over-year increase of 8.3% and 14.8%, respectively, taking the scale of our user community to a new record high. Average daily time spent per DAU on the Kuaishou App was 117.2 minutes in the second quarter of 2023. Our total user time spent continued to grow year-over-year, which was mainly driven by rapid DAU growth.

To propel these improvements, we refined our user growth strategies during the second quarter of 2023. Apart from lowering our user acquisition and retention cost on both a quarter-over-quarter and year-over-year basis through technological and operational means, we also leveraged our high-quality original content for user growth and upgraded our one-stop smart targeting system while improving our content production efficiency and quality through AI capabilities such as multimedia understanding. This, in turn, helped to increase our user acquisition efficiency. We are also actively exploring new channels for user growth. In the second quarter of 2023, we proved the feasibility of growing our user base through promotion related content placement, where we acquired new users by placing advertisements related to e-commerce and local services.

We have always been committed to building an inclusive, highly interactive and engaged community for users. By the end of June 2023, pairs of mutual followers on the Kuaishou App reached a cumulative 31.1 billion, representing a nearly 50% growth year-over-year. In addition, in the second quarter of 2023, average daily interactions (including likes, comments, and reposts) on the Kuaishou App reached 8 billion.

With respect to content operations, we continued to enrich our content supply across various verticals. For sports content, we consistently operate events in ways that appeal to the public and create native sports programs that the public enjoys. One successful case was ***Kuaishou Village Basketball Association (快手村BA)*** in June this year, which attracted 300 million total live streaming viewers, 2.38 million peak concurrent viewers, and 80,000 spectators at the offline venue. In terms of entertainment content, in the second quarter of 2023, we launched a number of blockbuster summer entertainment IPs, such as ***Summer Star Wish Party (夏日星願派對)***, ***Entertainment in Heaven (娛樂6翻天)***, and ***Summer Short Play Series (夏日氣象劇)***. These IPs covered various content formats such as celebrity campaigns, variety shows and short plays.

For our search business progress, we continued to improve user satisfaction and retention through optimized search experience and personalized search strategy. Meanwhile, we increased the penetration rate of search users through smart recommendation with word generation based on large language models. In the second quarter of 2023, Kuaishou search's average monthly users exceeded 440 million, and the number of average daily searches on our platform increased by 30% year-over-year. Meanwhile, benefiting from our growing search traffic, product upgrades and improved matching efficiency brought by advertising algorithm iterations, we continued to make progress in the commercialization of our search function,

evidenced by a doubling of search advertising revenue year-over-year in the second quarter of 2023. In addition, we are internally testing our smart question-and-answer product for Kuaishou search to improve the intelligence of searches as we leverage the technological capabilities of large language models.

Online marketing services

As the advertising market gradually recovered in the first half of 2023, we further increased the monetization efficiency of our online marketing services by enhancing our product capabilities and infrastructure and unlocking the value of high-quality traffic. In the second quarter of 2023, our revenue from online marketing services reached RMB14.3 billion, growing by 30.4% year-over-year, and accounting for 51.7% of our total revenue. The number of active advertisers on our platform almost doubled in the second quarter of 2023, compared with the same period of last year.

Advertising services provided to our native e-commerce merchants maintained robust growth momentum, continuing to outpace GMV growth in the second quarter of 2023. This was partly driven by increased demand for ads placement during e-commerce promotional season, as well as our merchants' stronger willingness to place ads on our platform as a result of higher ROI driven by our strengthened native e-commerce advertising product capabilities. To build our e-commerce related advertising ecosystem, we developed a tiered approach to our traffic distribution mechanism and supportive policies, as well as product capabilities and data infrastructure optimizations, targeting merchants in different stages of operations and with diverse needs. While aligning the development of advertising and e-commerce services, these initiatives also fostered healthy growth and prosperity across our native e-commerce advertising ecosystem.

Our external advertising services showed clear signs of recovery and recorded year-over-year growth in the second quarter of 2023, with quarter-over-quarter growth from industries such as e-commerce platform, information services, healthcare, as well as education and training. With a steadfast commitment to improving our advertising performance, we continued to fortify our product capabilities. First, we improved the quality of our advertising content through native advertising, which has considerably higher click-through rates and user conversion rates than hard-sell advertising, leading to higher ROI for advertisers as well as enhanced user experience. As a result, in the second quarter of 2023, our native advertising penetration rate rose consistently quarter-over-quarter. Second, we launched an optimized bidding model for effective customer acquisition in the second quarter of 2023 to enable advertisers to achieve higher user conversion. We focused on optimizing conversion through deep links and retention metrics further down the funnel for some industries, and as a result, ad spending from these industries gradually increased.

We also continued to unlock the value of our ecosystem for brand advertisers. Our revenue from brand advertising increased by over 30% year-over-year in the second quarter of 2023 as we steadily expanded our brand advertising resources, optimized our brand product capabilities, further iterated our product development roadmap, and increased demand from brand advertisers during promotional events. In June 2023, we launched the ***Kuaishou Index (快手指數)*** platform for our brand advertisers, offering them effective strategic guidance ranging from pre-placement analysis to assessment upon-and post-placement based on multi-dimensional data. This platform aims to help brand advertisers continuously improve their brand value on Kuaishou. In addition, we continued to reinforce brand advertisers' infrastructure, facilitating precise user asset accumulation and the construction of a complete brand marketing matrix to provide advertisers with scenario-specific industry solutions. With this, we aim to empower brands to operate on Kuaishou more efficiently on a longer horizon.

E-commerce

We made solid progress in our e-commerce business during the second quarter of 2023, as demonstrated by a nearly 39% year-over-year increase in GMV.

In terms of infrastructure, we comprehensively popularized and applied the use of scoring systems for merchandise, merchants' services and KOLs' reputations. The implementation of the critical indicators for identifying high-quality merchandise, services and content can help to funnel the traffic on our platform to premium merchants, thereby enhancing supply quality. On this basis, we synchronized user's store-wide content consumption behavior via algorithm, refined and enriched structured merchandise information, optimized algorithm models to improve real-time interest matching accuracy and enhanced the conversion efficiency of e-commerce content through a more logical and intelligent traffic sorting mechanism.

On the supply side, an increasing number of merchants and brands regard Kuaishou as one of their main home bases. During the second quarter of 2023, we focused our efforts on ten major industry zones, including apparel, 3C and other categories. We amplified our platform's influence through activities such as ***Inviting Merchants in One Hundred Cities (招商百城行)*** and merchandise selection meetings while building benchmark cases to attract new merchants. As a result, we achieved high double-digit year-over-year growth in the number of newly onboarded business merchants during the second quarter of 2023. Regarding merchant empowerment, we offered preferential traffic allocation and other supportive policies to our targeted high-potential merchants and improved merchant training systems, altogether driving a high double-digit year-over-year increase in GMV for small and medium-sized merchants in the second quarter of 2023.

Meanwhile, our brand e-commerce consistently delivered impressive results. GMV from brands, including ***Kwai Brands***, continued to increase quarter-over-quarter, accounting for over 30% of total e-commerce GMV in the second quarter of 2023. Our promotions to attract brands have been progressing smoothly. Leveraging our platform's influence and our deep insights into users' needs, we implemented targeted promotions to onboard more brands, leading to a 90% year-over-year increase in the number of newly added brands in the second quarter of 2023. On the operations front, we achieved a major breakthrough in our ***Stream Initiative (川流計劃)***. Through this initiative, we leveraged the Kuaishou KOL ecosystem's unique advantages to help brands identify targeted user cohorts at multiple operating stages such as initial operations and the phase of launching new products, etc., thereby enhancing conversion efficiency while enabling more merchants to benefit from our traffic. In addition to the Stream Initiative, we launched a traffic support plan for brands at the cold-start stage to enhance their self-operated live streaming capability and content quality through daily marketing and promotion events, helping them explore their distinctive development paths. During the June 18th shopping festival, a number of major brands achieved closed-loop conversion, from making recommendations and funneling traffic through short video, to transactions via live streaming. Furthermore, they created more innovative marketing related content and collaborated with KOLs for distribution to create blockbuster merchandise and accumulate user assets, laying a solid foundation for their sustainable operations.

On the demand side, the number of monthly active paying users surpassed 110 million in the second quarter of 2023, remaining the main driver of GMV growth as their penetration rate to MAU continued to rise into the high teens. This solid performance was primarily attributable to a more refined approach of tiered user operation on our platform, as well as smart subsidies and product feature iterations to further expand high quality paying users' consumption breadth and increase their stickiness. As we optimized our supply to provide users with better products and services while enhancing their experience, both average order price and monthly purchasing frequency achieved year-over-year growth in the second quarter of 2023.

In the second quarter of 2023, we continued to make efforts in the shelf-based realm, and achieved good progress by promoting the new shopping mall entry button on the Kwai Shop landing page, diversifying the supply of merchandise cards, and exploring the cards' integration with content. Additionally, we further optimized our product search function, leading to 90% year-over-year growth in search GMV in the second quarter of 2023.

Live streaming

In the second quarter of 2023, live streaming revenue grew by 16.4% year-over-year to approximately RMB10 billion, as we achieved double-digit year-over-year growth in monthly ARPPU. The increases were attributable to our consistent efforts in exploring user preferences and needs, enriching our live streaming offerings and optimizing the live streaming ecosystem.

On the supply side, we further enhanced the professionalism of live streamers by fostering close collaborations with talent agencies. We implemented differentiated policies to cater to talent agencies' diverse operating models, offering more incentives to new and small-sized talent agencies and empowering them to enhance their operations. In the second quarter of 2023, the number of talent agencies we partnered with grew by over 40% year-over-year, while the number of active streamers managed by agencies increased by over 70% year-over-year, reaching a record high in terms of percentage of our total active streamers. Going forward, we will continue our policy support for high-quality content, providing high quality talent agencies with greater flexibility and assistance in nurturing streamers, to empower both talent agencies and streamers to achieve operational growth.

As we placed a significant emphasis on fostering a healthy and sustainable live streaming ecosystem, we remained dedicated to investing in popular content verticals and nurturing streamers. For example, in the traditional Chinese culture vertical, we identified promising streamers by factors such as content quality, growth potential of follower base and revenue generating capabilities, and adjusted traffic support to this content vertical accordingly.

Our "live streaming+" services empowering traditional industries also continued to progress. A benchmark case was ***Kwai Hire (快聘)***, which experienced a 290% year-over-year increase in average daily resume submissions during the second quarter of 2023, while the daily average number of users submitting resumes also more than doubled year-over-year. Moreover, by the end of June 2023, ***Ideal Housing (理想家)*** expanded its reach to over 90 cities nationwide, achieving cumulative gross transaction value of more than RMB10 billion in the second quarter of 2023.

Overseas

In the second quarter of 2023, we further deepened our presence and efforts in key overseas markets, solidifying our content ecosystem for creators, refining monetization strategies and continuously optimizing operating efficiency. DAUs and user time spent in our core overseas markets continued to grow year-over-year. Total revenue of our overseas business reached RMB447 million in the second quarter of 2023, recording year-over-year growth of over 300%. Meanwhile, we remained committed to cost reduction and efficiency improvement, leading to a 51.4% year-over-year decrease in overall operating losses overseas in the second quarter of 2023, which also further narrowed quarter-over-quarter.

On the advertising front, we focused on key advertiser industries, improving product features and optimizing ad performance, while enhancing brand product infrastructure and expanding brand advertising resources. Moreover, by exploring new monetization models, we aimed to boost our traffic monetization efficiency and drive significant revenue growth. As for live streaming services, we maintained our efforts in expanding collaboration with talent agencies, enriching content supply, and offering enhanced interactive experiences, aided by the introduction of new monetization features and activities. Our revenue generation efficiency also improved along with the optimization of live streaming traffic distribution, as the paying ratio in core regions consistently experienced continued growth.

Corporate Social Responsibility

With our dedication to the principle of inclusiveness, Kuaishou is a natural medium for the spread of intangible cultural heritage and other traditions. Kuaishou endeavors to help more people appreciate the charm of China's rich traditional heritage through short video + live streaming. As of the end of June 2023, the content on Kuaishou APP covered more than 1,500 intangible cultural heritage programs. Around the "Cultural and Natural Heritage Day" in June this year, we launched a series of intangible cultural heritage promotion and exhibition activities including ***Intangible Cultural Heritage of My Hometown (我家鄉的非遺)***. The activities provide more exposure for creators of intangible cultural heritage through online exhibitions, offline performances and product exhibitions while also promoting better integration of intangible cultural heritage into contemporary life.

Business Outlook

Looking ahead, we will remain committed to building a vibrant community with a fair and inclusive traffic distribution mechanism as its foundation. We will also further develop our online marketing, e-commerce and live streaming businesses by strengthening infrastructure and technologies to better engage our users and business partners while capturing incremental growth opportunities with new initiatives such as local services. With these advancements, alongside the tremendous traffic and deeply embedded trust across our ecosystem, we are confident we will continue to expand our business with brand awareness across our complementary business segments.

Meanwhile, with a keen focus on operational excellence, we look forward to furthering our goals of sustainable development.

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

Kuaishou Technology

Investor Relations
Email: ir@kuaishou.com

CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited Three Months Ended			Unaudited Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	**June 30, 2023**	**June 30, 2022**
	RMB'Million	*RMB'Million*	*RMB'Million*	***RMB'Million***	*RMB'Million*
Revenues	**27,744**	25,217	21,695	**52,961**	42,762
Cost of revenues	**(13,810)**	(13,505)	(11,925)	**(27,315)**	(24,210)
Gross profit	**13,934**	11,712	9,770	**25,646**	18,552
Selling and marketing expenses	**(8,636)**	(8,723)	(8,763)	**(17,359)**	(18,251)
Administrative expenses	**(945)**	(919)	(956)	**(1,864)**	(1,827)
Research and development expenses	**(3,155)**	(2,920)	(3,282)	**(6,075)**	(6,805)
Other income	**113**	52	147	**165**	410
Other (losses)/gains, net	**(15)**	100	25	**85**	(781)
Operating profit/(loss)	**1,296**	(698)	(3,059)	**598**	(8,702)
Finance income/(expense), net	**158**	111	1	**269**	(10)
Share of losses of investments accounted for using the equity method	**(18)**	(14)	(44)	**(32)**	(81)
Profit/(loss) before income tax	**1,436**	(601)	(3,102)	**835**	(8,793)
Income tax benefits/(expenses)	**45**	(275)	(74)	**(230)**	(637)
Profit/(loss) for the period	**1,481**	(876)	(3,176)	**605**	(9,430)
Attributable to:					
—Equity holders of the Company	**1,480**	(873)	(3,176)	**607**	(9,430)
—Non-controlling interests	**1**	(3)	-	**(2)**	-
	1,481	(876)	(3,176)	**605**	(9,430)

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As of June 30, 2023	As of December 31, 2022
	RMB'Million	*RMB'Million*
ASSETS		
Non-current assets		
Property and equipment	**12,071**	13,215
Right-of-use assets	**10,350**	10,806
Intangible assets	**1,121**	1,123
Investments accounted for using the equity method	**260**	268
Financial assets at fair value through profit or loss	**4,611**	3,626
Other financial assets at amortized cost	**942**	670
Deferred tax assets	**5,642**	5,095
Long-term time deposits	**6,701**	7,870
Other non-current assets	**413**	776
	42,111	43,449
Current assets		
Trade receivables	**5,232**	6,288

Prepayments, other receivables and other current assets	**3,751**	4,106
Financial assets at fair value through profit or loss	**14,275**	13,087
Other financial assets at amortized cost	**701**	726
Short-term time deposits	**12,896**	8,318
Restricted cash	**40**	59
Cash and cash equivalents	**13,218**	13,274
	50,113	45,858
Total assets	**92,224**	89,307

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	As of June 30, 2023	As of December 31, 2022
	RMB'Million	*RMB'Million*
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**-**	-
Share premium	**274,429**	274,473
Treasury shares	**(113)**	-
Other reserves	**32,048**	29,239
Accumulated losses	**(263,275)**	(263,882)
	43,089	39,830
Non-controlling interests	**6**	8
Total equity	**43,095**	39,838
LIABILITIES		
Non-current liabilities		
Lease liabilities	**8,196**	8,721
Deferred tax liabilities	**21**	23
Other non-current liabilities	**5**	16
	8,222	8,760
Current liabilities		
Accounts payables	**19,686**	22,868
Other payables and accruals	**13,178**	10,190
Advances from customers	**3,614**	3,240
Income tax liabilities	**867**	936
Lease liabilities	**3,562**	3,475
	40,907	40,709
Total liabilities	**49,129**	49,469
Total equity and liabilities	**92,224**	89,307

Financial Information by Segment

	Unaudited Three Months Ended								
	June 30, 2023			March 31, 2023			June 30, 2022		
	Domestic	**Overseas**	**Unallocated items**	**Total**	Domestic	Overseas	Unallocated items	Total	Domestic	Overseas	Unallocated items	Total
	RMB'Million				*RMB'Million*				*RMB'Million*			

Revenues	**27,297**	**447**	**- 27,744**	24,879	338	- 25,217	21,592	103	- 21,695		
Operating profit/(loss)	**3,034**	**(780)**	**(958)**	**1,296**	963	(823)	(838)	(698)	93	(1,606)	(1,546) (3,059)

	Unaudited Six Months Ended							
	June 30, 2023				June 30, 2022			
	Domestic	**Overseas**	**Unallocated items**	**Total**	Domestic	Overseas	Unallocated items	Total
	RMB'Million				*RMB'Million*			
Revenues	**52,176**	**785**	**- 52,961**		42,611	151	- 42,762	
Operating profit/(loss)	**3,997**	**(1,603)**	**(1,796)**	**598**	(1,450)	(3,452)	(3,800)	(8,702)

Reconciliation of Non-IFRS Measures to the Nearest IFRS Measures

	Unaudited Three Months Ended			**Unaudited Six Months Ended**	
	June 30, 2023	March 31, 2023	June 30, 2022	**June 30, 2023**	June 30, 2022
	RMB'Million	*RMB'Million*	*RMB'Million*	***RMB'Million***	*RMB'Million*
Profit/(loss) for the period	**1,481**	**(876)**	(3,176)	**605**	(9,430)
Add:					
Share-based compensation expenses	**1,056**	**990**	1,718	**2,046**	3,429
Net fair value changes on investments[(1)]	**157**	**(72)**	146	**85**	967
Adjusted net profit/(loss)	**2,694**	**42**	(1,312)	**2,736**	(5,034)
Adjusted net profit/(loss)	**2,694**	**42**	(1,312)	**2,736**	(5,034)
Add:					
Income tax (benefits)/expenses	**(45)**	**275**	74	**230**	637
Depreciation of property and equipment	**978**	**964**	778	**1,942**	1,511
Depreciation of right-of-use assets	**808**	**788**	838	**1,596**	1,666
Amortization of intangible assets	**39**	**38**	31	**77**	66
Finance (income)/expense, net	**(158)**	**(111)**	(1)	**(269)**	10
Adjusted EBITDA	**4,316**	**1,996**	408	**6,312**	(1,144)

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/kuaishou-technology-announces-second-quarter-and-interim-2023-unaudited-financial-results-301906530.html

SOURCE Kuaishou Technology