

Cheetah Mobile Announces Second Half and Full Year 2022 Unaudited Consolidated Financial Results

BEIJING, April 11, 2023 — Cheetah Mobile Inc. (NYSE: CMCN) (“Cheetah Mobile” or the “Company”), a China-based IT company, today announced its unaudited consolidated financial results for the second half and full year 2022 ended December 31, 2022.

Management Commentary

Mr. Sheng Fu, Cheetah Mobile’s Chairman and Chief Executive Officer, stated, “ While there are some challenges such as Covid-19 in 2022, we managed to increase our total revenue year over year by around 13% to RMB884.1 million (USD128.2 million) in 2022. Driven by elevated products, services and user experience, both the revenues from our membership business and number of subscribers have increased for more than ten quarters consecutively. Our global cloud service business and overseas advertising agency business also maintained good momentum and contributed to our revenue growth in 2022. Looking ahead, we remain confident in our long-term opportunities and growth. We will continue to pursue healthy and high-quality development in 2023. ”

Mr. Thomas Ren, Cheetah Mobile’s Chief Financial Officer, commented, “In 2022, we continued to take measures to control our expenses and improve our organizational efficiency. Our gross margin increased year over year from 67.2% to 71.4% in this year. We maintained a strong cash position of RMB1,672.7 million as of December 31, 2022. This gives us financial flexibility to execute the key strategic objectives we have set out for long-term growth. ”

Second Half 2022 Consolidated Financial Results

REVENUES

Total revenues were RMB527.0 million (US\$76.4 million) in the second half of 2022, representing an increase of 40.7% year over year.

Revenues from the Company’s internet business increased by 41.6% year over year to RMB421.9 million (US\$61.2 million) in the second half of 2022. The year-over-year increase was mainly due to our endeavors to increase user acquisition through multiple channels.

Revenues from the AI and others were RMB105.1 million (US\$15.2 million) in the second half of 2022, representing a 37.5% year-over-year increase. The year-over-year increase was primarily attributable to the growth of our global cloud service business, overseas advertising agency business as well as the development of our E-coupon vending robot business.

COST OF REVENUES AND GROSS PROFIT

Cost of revenues decreased by 12.5% year over year to RMB129.3 million (US\$18.8 million) in the second half of 2022. The year-over-year decrease was primarily attributable to decrease of advertising business related traffic acquisition costs and

channel costs. **Non-GAAP cost of revenues** decreased by 12.4% year over year to RMB129.1 million (US\$18.7 million) in the second half of 2022.

Gross profit increased by 75.4% year over year to RMB397.7 million (US\$57.7 million) in the second half of 2022. **Non-GAAP gross profit** increased by 75.2% year over year to RMB398.0 million (US\$57.7 million) in the second half of 2022.

Gross margin was 75.5% in the second half of 2022, compared to 60.5% in the second half of 2021. **Non-GAAP gross margin** was 75.5% in the second half of 2022, compared to 60.7% in the second half of 2021.

OPERATING INCOME/LOSS AND EXPENSES

Total operating expenses increased by 45.8% year over year to RMB497.2 million (US\$72.1 million) in the second half of 2022. **Total non-GAAP operating expenses** increased by 47.3% year over year to RMB493.6 million (US\$71.6 million) in the second half of 2022.

- **Research and development expenses** decreased by 5.6% year over year to RMB85.9 million (US\$12.5 million) in the second half of 2022. The year-over-year decrease was primarily due to the improvement of operational efficiency. **Non-GAAP research and development expenses** decreased by 3.8% year over year to RMB84.7 million (US\$12.3 million) in the second half of 2022.
- **Selling and marketing expenses** increased by 81.7% year over year to RMB306.5 million (US\$44.4 million) in the second half of 2022. The year-over-year increase was from the marketing and promotion expenses related to our user acquisition. **Non-GAAP selling and marketing expenses** increased by 82.2% year over year to RMB305.7 million (US\$44.3 million) in the first half of 2022.
- **General and administrative expenses** increased by 21.5% year over year to RMB115.1 million (US\$16.7 million) in the second half of 2022. The year-over-year increase was mainly from some one-time expenses. **Non-GAAP general and administrative expenses** increased by 22.5% year over year to RMB113.6 million (US\$16.5 million) in the first half of 2022.

Operating loss was RMB99.5 million (US\$14.4 million) in the second half of 2022, compared to RMB114.2 million in the same period of the last year. **Non-GAAP operating loss** was RMB95.6 million (US\$13.9 million) in the second half of 2022, compared to RMB107.8 million in the same period of the last year.

Share-based compensation expenses were RMB3.9 million (US\$0.6 million) in the second half of 2022, compared to RMB6.4 million in the same period of the last year.

OTHER EXPENSE, NET

Other expense, net was RMB351.6 million (US\$51.0 million) in the second half of 2022, which was primarily from the impairment of some long-term investments.

NET INCOME/(LOSS) ATTRIBUTABLE TO CHEETAH MOBILE SHAREHOLDERS

Net loss attributable to Cheetah Mobile shareholders was RMB440.9 million (US\$63.9 million) in the second half of 2022, compared to a net loss attributable to Cheetah Mobile shareholders of RMB428.5 million in the same period of the last year.

Non-GAAP net loss attributable to Cheetah Mobile shareholders was RMB437.0 million (US\$63.4 million) in the second half of 2022, compared to a non-GAAP net loss attributable to Cheetah Mobile shareholders of RMB422.1 million in the same period of the last year.

NET INCOME/(LOSS) PER ADS

Diluted loss per ADS was RMB15.4 (US\$2.2) in the second half of 2022, compared to diluted loss per ADS of RMB15.2 in the same period of the last year. **Non-GAAP diluted loss per ADS** was RMB15.3(US\$2.2) in second half of 2022, compared to Non-GAAP diluted loss per ADS of RMB14.9 in the same period of the last year.

BALANCE SHEET

As of December 31, 2022, the Company had cash and cash equivalents, restricted cash and short-term investments of RMB1,672.7 million (US\$242.5 million).

SHARES ISSUED AND OUTSTANDING

As of December 31, 2022, the Company had a total of 1,449,473,689 Class A and Class B ordinary shares issued and outstanding. On August 23, 2022, the Company announced that it changed the ratio of its American Depositary Share ("ADS") to Class A ordinary share ("Share") from one (1) ADS representing ten (10) Shares to one (1) ADS representing fifty (50) Shares, effective September 2, 2022. Accordingly, the Company has retrospectively revised the comparative data from the previous periods to conform to the requisite presentation for the current period.

Fiscal Year 2022 Consolidated Financial Results

REVENUES

Total revenues increased by 12.7% to RMB884.1 million (US\$128.2 million) in 2022.

Revenues from the Company's internet business increased by 6.7% year over year to RMB697.4 million (US\$101.1 million) in 2022. The year-over-year increase was mainly due to the growth of our membership business.

Revenues from the AI and others increased by 42.7% year over year to RMB186.7 million (US\$27.1 million) in 2022. The year-over-year increase was primarily attributable to growth of our global cloud service business, overseas advertising agency business as well as the development of our E-coupon vending robot and related business.

COST OF REVENUES AND GROSS PROFIT

Cost of revenues decreased by 2.0% year over year to RMB252.6 million (US\$36.6 million) in 2022. The year-over-year decrease was primarily due to lower advertising business related traffic acquisition costs and channel costs. **Non-GAAP cost of revenues** decreased by 1.9% year over year to RMB251.9 million (US\$36.5 million) in 2022.

Gross profit increased by 19.8% year over year to RMB631.5 million (US\$91.6 million) in 2022. **Non-GAAP gross profit** increased by 19.7% year over year to RMB632.2 million (US\$91.7 million) in 2022.

Gross margin was 71.4% in 2022, compared to 67.2% in 2021. **Non-GAAP gross margin** was 71.5% in 2022, compared to 67.3% in 2021.

OPERATING INCOME/LOSS AND EXPENSES

Total operating expenses increased by 13.3% year over year to RMB857.1 million (US\$124.3 million) in 2022. **Total non-GAAP operating expenses** increased by 13.3% year over year to RMB849.9 million (US\$123.2 million) in 2022.

- **Research and development expenses** decreased by 14.5% year over year to RMB181.0 million (US\$26.2 million) in 2022. The year-over-year decrease was due to improvement of operational efficiency. **Non-GAAP research and development expenses** decreased by 12.8% year over year to RMB179.4 million (US\$26.0 million) in 2022.
- **Selling and marketing expenses** increased by 28.8% year over year to RMB476.9 million (US\$69.1 million) in 2022. This year-over-year increase was primarily due to the marketing and promotion expenses related to our user acquisition. **Non-GAAP selling and marketing expenses** increased by 28.7% year over year to RMB475.0 million (US\$68.9 million) in 2022.
- **General and administrative expenses** increased by 11.7% year over year to RMB214.3 million (US\$31.1 million) in 2022. The year-over-year increase was mainly from some one-time expenses. **Non-GAAP general and administrative expenses** increased by 9.1% year over year to RMB210.6 million (US\$30.5 million) in 2022.

Operating loss was RMB225.6 million (US\$32.7 million) in 2022, compared to RMB229.6 million in 2021. **Non-GAAP operating loss** was RMB217.7 million (US\$31.6 million) in 2022, compared to RMB222.4 million in 2021.

Share-based compensation expenses were RMB7.9 million (US\$1.1 million) in 2022, compared to RMB7.2 million in 2021.

NET INCOME/(LOSS) ATTRIBUTABLE TO CHEETAH MOBILE SHAREHOLDERS

Net loss attributable to Cheetah Mobile shareholders was RMB513.5 million (US\$74.4 million) in 2022, compared to a net loss attributable to Cheetah Mobile shareholders of RMB351.1 million in 2021.

Non-GAAP net loss attributable to Cheetah Mobile shareholders was RMB505.6 million (US\$73.3 million) in 2022, compared to a non-GAAP net loss attributable to Cheetah Mobile shareholders of RMB344.0 million in 2021.

NET INCOME/(LOSS) PER ADS

Diluted loss per ADS was RMB18.1 (US\$2.6) in 2022, compared to diluted loss per ADS of RMB12.3 in 2021. **Non-GAAP diluted loss per ADS** was RMB17.8 (US\$2.6) in 2022, compared to Non-GAAP diluted loss per ADS of RMB12.1 in 2021.

Business Outlook

For the first half of 2023, the Company expects its total revenues to be between RMB310 million (US\$44.9 million) and RMB360 million (US\$52.2 million). This amount reflects the Company's current and preliminary expectations.

Exchange Rate

This press release contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of readers. Unless otherwise noted, all translations from Renminbi to U.S. dollars in this press release were made at a rate of RMB6.8972 to US\$1.00, the exchange rate in effect as of December 31, 2022, as set forth in the H.10 statistical release of the Federal Reserve Board. Such translations should not be construed as representations that RMB amounts could be converted into U.S. dollars at that rate or any other rate, or to be the amounts that would have been reported under accounting principles generally accepted in the United States of America ("U.S. GAAP").

About Cheetah Mobile Inc.

Cheetah Mobile is a China-based IT company. It has attracted hundreds of millions of users through an array of internet products and services on PCs and mobile devices. The Company provides advertising services to advertisers worldwide, value-added services including the sale of premium membership and in-app virtual items to its users as well as multi-cloud management platform to companies globally. Cheetah Mobile is also committed to leveraging its cutting-edge artificial intelligence technologies to power its products and make the world smarter. It has been listed on the New York Stock Exchange since May 2014.

Safe Harbor Statement

This press release contains forward-looking statements. These statements, including management quotes and business outlook, constitute forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Such statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in the forward-looking statements, including but are not limited to the following: Cheetah Mobile's growth strategies; Cheetah Mobile's ability to retain and increase its user base and expand its product and service offerings; Cheetah Mobile's ability to monetize its platform; Cheetah Mobile's future business development, financial condition and results of operations; competition with companies in a number of industries including internet companies that provide online marketing services and internet value-added services; expected changes in Cheetah Mobile's revenues and certain cost or expense items; and general economic and business condition globally and in China. Further information

regarding these and other risks is included in Cheetah Mobile's filings with the U.S. Securities and Exchange Commission. Cheetah Mobile does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.

Use of Non-GAAP Financial Measures

This release contains the following non-GAAP financial measures:

- Non-GAAP cost of revenues excludes share-based compensation expenses
- Non-GAAP gross profit excludes share-based compensation expenses
- Non-GAAP gross margin excludes share-based compensation expense
- Total non-GAAP operating expenses exclude share-based compensation expenses
- Non-GAAP research and development expenses exclude share-based compensation expenses
- Non-GAAP selling and marketing expenses exclude share-based compensation expenses
- Non-GAAP general and administrative expenses exclude share-based compensation expenses
- Non-GAAP operating profit/loss excludes share-based compensation expenses
- Non-GAAP net income/loss attributable to Cheetah Mobile shareholders excludes share-based compensation expenses
- Non-GAAP diluted earnings/losses per ADS excludes share-based compensation expenses
- Non-GAAP adjusted EBITDA represents net income/loss attributable to Cheetah Mobile shareholders excluding share-based compensation, interest income, depreciation and amortization, net income attributable to noncontrolling interests, other income, net and income tax expenses

The Company reviews these non-GAAP financial measures together with GAAP financial measures to obtain a better understanding of its operating performance. It uses the non-GAAP financial measures for planning, forecasting and measuring results against the forecast. The Company believes that non-GAAP financial measures are useful supplemental information for investors and analysts to assess its operating performance without the effect of share-based compensation expenses, which have been and will continue to be significant recurring expenses in its business. However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact the Company's net income for the period. In addition, because non-GAAP financial measures are not measured in the same manner by all companies,

they may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure in isolation from or as an alternative to the financial measure prepared in accordance with U.S. GAAP. For more information on these non-GAAP financial measures, please see the tables captioned “Cheetah Mobile Inc. Reconciliation of GAAP and Non-GAAP Results”.

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CHEETAH MOBILE INC.
Condensed Consolidated Balance Sheets
(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"))

| | As of | | |
|--|-------------------|-------------------|----------------|
| | December 31, 2021 | December 31, 2022 | |
| | RMB | RMB | USD |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 1,583,926 | 1,515,799 | 219,770 |
| Restricted cash | 781 | 696 | 101 |
| Short-term investments | 262,813 | 156,182 | 22,644 |
| Accounts receivable, net | 170,305 | 283,774 | 41,143 |
| Prepayments and other current assets, net | 479,329 | 968,145 | 140,368 |
| Due from related parties, net | 101,333 | 199,099 | 28,867 |
| Total current assets | 2,598,487 | 3,123,695 | 452,893 |
| Non-current assets: | | | |
| Property and equipment, net | 101,794 | 58,727 | 8,515 |
| Operating lease right-of-use assets | 45,181 | 39,579 | 5,738 |
| Intangible assets, net | 10,052 | 8,430 | 1,222 |
| Investment in equity investees | 236,552 | 238,591 | 34,592 |
| Other long term investments | 1,757,845 | 1,553,740 | 225,271 |
| Due from related parties, net | 111,335 | 3,840 | 557 |
| Deferred tax assets | 14,384 | 19,337 | 2,804 |
| Other non-current assets | 102,688 | 93,480 | 13,554 |
| Total non-current assets | 2,379,831 | 2,015,724 | 292,253 |
| Total assets | 4,978,318 | 5,139,419 | 745,146 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | 134,879 | 132,994 | 19,282 |
| Accrued expenses and other current liabilities | 1,137,348 | 1,586,769 | 230,060 |
| Due to related parties | 37,760 | 23,629 | 3,426 |
| Income tax payable | 43,907 | 35,135 | 5,094 |
| Total current liabilities | 1,353,894 | 1,778,527 | 257,862 |
| Non-current liabilities: | | | |
| Deferred tax liabilities | 58,564 | 55,770 | 8,086 |
| Other non-current liabilities | 205,717 | 200,336 | 29,046 |
| Total non-current liabilities | 264,281 | 256,106 | 37,132 |
| Total liabilities | 1,618,175 | 2,034,633 | 294,994 |
| Shareholders' equity: | | | |
| Ordinary shares | 235 | 236 | 34 |
| Additional paid-in capital | 2,685,544 | 2,688,571 | 389,806 |
| Retained earnings/(Accumulated losses) | 505,085 | (9,424) | (1,366) |
| Accumulated other comprehensive income | 88,262 | 353,948 | 51,318 |
| Total Cheetah Mobile shareholders' equity | 3,279,126 | 3,033,331 | 439,792 |
| Noncontrolling interests | 81,017 | 71,455 | 10,360 |
| Total equity | 3,360,143 | 3,104,786 | 450,152 |
| Total liabilities and equity | 4,978,318 | 5,139,419 | 745,146 |

CHEETAH MOBILE INC.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"), except for number of shares and per share(or ADS) data)

| | For The Six Months Ended | | | For The Year Ended | | |
|---|--------------------------|-------------------|-----------------|--------------------|-------------------|------------------|
| | December 31, 2021 | December 31, 2022 | | December 31, 2021 | December 31, 2022 | |
| | RMB | RMB | USD | RMB | RMB | USD |
| Revenues | 374,470 | 527,043 | 76,415 | 784,616 | 884,066 | 128,178 |
| Internet business | 298,001 | 421,919 | 61,173 | 653,759 | 697,387 | 101,112 |
| AI and others | 76,469 | 105,124 | 15,242 | 130,857 | 186,679 | 27,066 |
| Cost of revenues (a) | (147,743) | (129,340) | (18,753) | (257,656) | (252,561) | (36,618) |
| Gross profit | 226,727 | 397,703 | 57,662 | 526,960 | 631,505 | 91,560 |
| Operating income and expenses: | | | | | | |
| Research and development (a) | (91,059) | (85,920) | (12,457) | (211,594) | (180,957) | (26,236) |
| Selling and marketing (a) | (168,713) | (306,514) | (44,440) | (370,274) | (476,853) | (69,137) |
| General and administrative (a) | (94,740) | (115,149) | (16,695) | (191,868) | (214,337) | (31,076) |
| Other operating income | 13,559 | 10,369 | 1,503 | 17,205 | 15,051 | 2,182 |
| Total operating income and expenses | (340,953) | (497,214) | (72,089) | (756,531) | (857,096) | (124,267) |
| Operating loss | (114,226) | (99,511) | (14,427) | (229,571) | (225,591) | (32,707) |
| Other income/(expenses): | | | | | | |
| Interest income, net | 16,961 | 21,547 | 3,124 | 25,391 | 35,710 | 5,177 |
| Foreign exchange gains/(losses) | 14,514 | (40,395) | (5,857) | 24,288 | (95,434) | (13,837) |
| Other expense, net | (343,773) | (351,623) | (50,981) | (159,679) | (260,465) | (37,763) |
| Loss before taxes | (426,524) | (469,982) | (68,141) | (339,571) | (545,780) | (79,130) |
| Income tax (expenses)/ benefits | (5,525) | 26,218 | 3,801 | (13,633) | 25,089 | 3,638 |
| Net loss | (432,049) | (443,764) | (64,340) | (353,204) | (520,691) | (75,492) |
| Less: net loss attributable to noncontrolling interests | (3,559) | (2,861) | (415) | (2,078) | (7,216) | (1,046) |
| Net loss attributable to Cheetah Mobile shareholders | (428,490) | (440,903) | (63,925) | (351,126) | (513,475) | (74,446) |
| Net loss per share | | | | | | |
| Basic | (0.3034) | (0.3081) | (0.0447) | (0.2469) | (0.3617) | (0.0524) |
| Diluted | (0.3034) | (0.3083) | (0.0447) | (0.2469) | (0.3619) | (0.0525) |
| Net loss per ADS | | | | | | |
| Basic | (15.1688) | (15.4058) | (2.2336) | (12.3469) | (18.0854) | (2.6221) |
| Diluted | (15.1688) | (15.4126) | (2.2346) | (12.3469) | (18.0954) | (2.6236) |
| Weighted average number of shares outstanding | | | | | | |
| Basic | 1,431,394,861 | 1,447,753,976 | 1,447,753,976 | 1,430,052,602 | 1,443,682,305 | 1,443,682,305 |
| Diluted | 1,431,394,861 | 1,447,753,976 | 1,447,753,976 | 1,430,052,602 | 1,443,682,305 | 1,443,682,305 |
| Weighted average number of ADSs outstanding | | | | | | |
| Basic | 28,627,897 | 28,955,080 | 28,955,080 | 28,601,052 | 28,873,646 | 28,873,646 |
| Diluted | 28,627,897 | 28,955,080 | 28,955,080 | 28,601,052 | 28,873,646 | 28,873,646 |
| Other comprehensive (loss)/income, net of tax of nil | | | | | | |
| Foreign currency translation adjustments | (40,669) | 119,996 | 17,398 | (75,536) | 271,640 | 39,384 |
| Unrealized gain on available-for-sale securities, net | - | (8,269) | (1,199) | - | (8,269) | (1,199) |
| Other comprehensive (loss)/income | (40,669) | 111,727 | 16,199 | (75,536) | 263,371 | 38,185 |
| Total comprehensive loss | (472,718) | (332,037) | (48,141) | (428,740) | (257,320) | (37,307) |
| Less: Total comprehensive loss attributable to noncontrolling interests | (5,611) | (1,822) | (264) | (2,536) | (9,531) | (1,382) |
| Total comprehensive loss attributable to Cheetah Mobile shareholders | (467,107) | (330,215) | (47,877) | (426,204) | (247,789) | (35,925) |

CHEETAH MOBILE INC.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"), except for number of shares and per share(or ADS) data)

| | For The Six Months Ended | | | For The Year Ended | | |
|--|--------------------------|-------------------|------------|--------------------|-------------------|--------------|
| | December 31, 2021 | December 31, 2022 | | December 31, 2021 | December 31, 2022 | |
| | RMB | RMB | USD | RMB | RMB | USD |
| (a) Share-based compensation expenses | | | | | | |
| Cost of revenues | 407 | 283 | 41 | 1,027 | 686 | 99 |
| Research and development | 3,088 | 1,259 | 183 | 5,996 | 1,580 | 229 |
| Selling and marketing | 928 | 860 | 125 | 1,339 | 1,899 | 275 |
| General and administrative | 1,964 | 1,533 | 222 | (1,212) | 3,698 | 536 |
| Total | 6,387 | 3,935 | 571 | 7,150 | 7,863 | 1,139 |

CHEETAH MOBILE INC.

Reconciliation of GAAP and Non-GAAP Results

(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"), except for per share data)

| | For The Six Months Ended December 31, 2022 | | | | For The Year Ended December 31, 2022 | | | |
|--|--|--------------|-----------|----------|--------------------------------------|--------------|-----------|-----------|
| | GAAP | Share-based | Non-GAAP | | GAAP | Share-based | Non-GAAP | |
| | Result | Compensation | Result | | Result | Compensation | Result | |
| | RMB | RMB | RMB | USD | RMB | RMB | RMB | USD |
| Revenues | 527,043 | - | 527,043 | 76,415 | 884,066 | - | 884,066 | 128,178 |
| Cost of revenues | (129,340) | 283 | (129,057) | (18,712) | (252,561) | 686 | (251,875) | (36,519) |
| Gross profit | 397,703 | 283 | 397,986 | 57,703 | 631,505 | 686 | 632,191 | 91,659 |
| Research and development | (85,920) | 1,259 | (84,661) | (12,274) | (180,957) | 1,580 | (179,377) | (26,007) |
| Selling and marketing | (306,514) | 860 | (305,654) | (44,315) | (476,853) | 1,899 | (474,954) | (68,862) |
| General and administrative | (115,149) | 1,533 | (113,616) | (16,473) | (214,337) | 3,698 | (210,639) | (30,540) |
| Other operating expense | 10,369 | - | 10,369 | 1,503 | 15,051 | - | 15,051 | 2,182 |
| Total operating income and expenses | (497,214) | 3,652 | (493,562) | (71,559) | (857,096) | 7,177 | (849,919) | (123,227) |
| Operating loss | (99,511) | 3,935 | (95,576) | (13,856) | (225,591) | 7,863 | (217,728) | (31,568) |
| Net loss attributable to Cheetah Mobile shareholders | (440,903) | 3,935 | (436,968) | (63,354) | (513,475) | 7,863 | (505,612) | (73,307) |
| Diluted losses per ordinary share (RMB) | (0.3083) | 0.0028 | (0.3055) | | (0.3619) | 0.0054 | (0.3565) | |
| Diluted losses per ADS (RMB) | (15.4126) | 0.1359 | (15.2767) | | (18.0954) | 0.2723 | (17.8231) | |
| Diluted losses per ADS (USD) | (2.2346) | 0.0197 | (2.2149) | | (2.6236) | 0.0395 | (2.5841) | |

CHEETAH MOBILE INC.

Reconciliation of GAAP and Non-GAAP Results

(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"), except for per share data)

| | For The Six Months Ended December 31, 2021 | | | For The Year Ended December 31, 2021 | | |
|--|--|--------------|-----------|--------------------------------------|--------------|-----------|
| | GAAP | Share-based | Non-GAAP | GAAP | Share-based | Non-GAAP |
| | Result | Compensation | Result | Result | Compensation | Result |
| | RMB | RMB | RMB | RMB | RMB | RMB |
| Revenues | 374,470 | - | 374,470 | 784,616 | - | 784,616 |
| Cost of revenues | (147,743) | 407 | (147,336) | (257,656) | 1,027 | (256,629) |
| Gross profit | 226,727 | 407 | 227,134 | 526,960 | 1,027 | 527,987 |
| Research and development | (91,059) | 3,088 | (87,971) | (211,594) | 5,996 | (205,598) |
| Selling and marketing | (168,713) | 928 | (167,785) | (370,274) | 1,339 | (368,935) |
| General and administrative | (94,740) | 1,964 | (92,776) | (191,868) | (1,212) | (193,080) |
| Other operating expense | 13,559 | - | 13,559 | 17,205 | - | 17,205 |
| Total operating income and expenses | (340,953) | 5,980 | (334,973) | (756,531) | 6,123 | (750,408) |
| Operating loss | (114,226) | 6,387 | (107,839) | (229,571) | 7,150 | (222,421) |
| Net income attributable to Cheetah Mobile shareholders | (428,490) | 6,387 | (422,103) | (351,126) | 7,150 | (343,976) |
| Diluted losses per ordinary share (RMB) | (0.3034) | 0.0045 | (0.2989) | (0.2469) | 0.0050 | (0.2419) |
| Diluted losses per ADS (RMB) | (15.1688) | 0.2231 | (14.9457) | (12.3469) | 0.2500 | (12.0969) |

CHEETAH MOBILE INC.

Information about Segment

(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"), except for percentage)

| | For The Six Months Ended December 31, 2022 | | | | | For The Year Ended December 31, 2022 | | | | |
|-------------------------|--|---------------|--------------|--------------|----------|--------------------------------------|---------------|--------------|--------------|----------|
| | Internet Business | AI and others | Unallocated* | Consolidated | | Internet Business | AI and others | Unallocated* | Consolidated | |
| | RMB | RMB | RMB | RMB | USD | RMB | RMB | RMB | RMB | USD |
| Revenue | 421,919 | 105,124 | - | 527,043 | 76,415 | 697,387 | 186,679 | - | 884,066 | 128,178 |
| Operating profit/(loss) | 17,738 | (113,314) | (3,935) | (99,511) | (14,427) | (369) | (217,359) | (7,863) | (225,591) | (32,707) |
| Operating margin | 4.2% | (107.8)% | - | (18.9)% | (18.9)% | (0.1)% | (116.4)% | - | (25.5)% | (25.5)% |

| | For The Six Months Ended December 31, 2021 | | | | For The Year Ended December 31, 2021 | | | |
|------------------|--|---------------|--------------|--------------|--------------------------------------|---------------|--------------|--------------|
| | Internet Business | AI and others | Unallocated* | Consolidated | Internet Business | AI and others | Unallocated* | Consolidated |
| | RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB |
| Revenue | 298,001 | 76,469 | - | 374,470 | 653,759 | 130,857 | - | 784,616 |
| Operating loss | (21,680) | (86,159) | (6,387) | (114,226) | (14,178) | (208,243) | (7,150) | (229,571) |
| Operating margin | (7.3)% | (112.7)% | - | (30.5)% | (2.2)% | (159.1)% | - | (29.3)% |

* Unallocated expenses refer to SBC expenses that are not allocated to individual segments.

CHEETAH MOBILE INC.

**Reconciliation from Net Income Attributable to Cheetah Mobile Shareholders to Adjusted EBITDA (Non-GAAP)
(Unaudited, amounts in thousands of Renminbi ("RMB") and US dollars ("US\$"))**

| | For The Six Months Ended | | | For The Year Ended | | |
|--|--------------------------|-------------------|-----------------|--------------------|-------------------|-----------------|
| | December 31, 2021 | December 31, 2022 | | December 31, 2021 | December 31, 2022 | |
| | RMB | RMB | USD | RMB | RMB | USD |
| Net loss attributable to Cheetah Mobile shareholders | (428,490) | (440,903) | (63,925) | (351,126) | (513,475) | (74,446) |
| Add: | | | | | | |
| Income tax expenses/(benefits) | 5,525 | (26,218) | (3,801) | 13,633 | (25,089) | (3,638) |
| Interest income, net | (16,961) | (21,547) | (3,124) | (25,391) | (35,710) | (5,177) |
| Depreciation and amortization | 33,959 | 25,133 | 3,644 | 50,822 | 53,025 | 7,688 |
| Net loss attributable to noncontrolling interests | (3,559) | (2,861) | (415) | (2,078) | (7,216) | (1,046) |
| Other expense | 329,259 | 392,018 | 56,838 | 135,391 | 355,899 | 51,600 |
| Share-based compensation | 6,387 | 3,935 | 571 | 7,150 | 7,863 | 1,139 |
| Adjusted EBITDA | (73,880) | (70,443) | (10,212) | (171,599) | (164,703) | (23,880) |