Kuaishou Technology Announces Fourth Quarter and Full Year 2023 Financial Results

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HONG KONG, March 20, 2024 /PRNewswire/ -- Kuaishou Technology ("Kuaishou" or the "Company"; HKD Counter Stock Code: 01024 / RMB Counter Stock Code: 81024), a leading content community and social platform, today announced its financial results for the fourth quarter and full fiscal year ended December 31, 2023.

Fourth Quarter 2023 Key Highlights

- **Average DAUs on Kuaishou APP** were 382.5 million, representing an increase of 4.5% from 366.2 million for the same period of 2022.
- **Average MAUs on Kuaishou APP** were 700.4 million, representing an increase of 9.4% from 640.0 million for the same period of 2022.
- **Total e-commerce GMV**[(1)] was RMB403.9 billion, representing an increase of 29.3% from RMB312.4 billion for the same period of 2022.
- **Total revenue** increased by 15.1% to RMB32.6 billion from RMB28.3 billion for the same period of 2022. Online marketing services and live streaming contributed 55.9% and 30.9%, respectively, to the total revenue. The other 13.2% came from other services.
- **Gross profit** increased by 34.3% to RMB17.3 billion from RMB12.9 billion for the same period of 2022. Gross profit margin in the fourth quarter of 2023 was 53.1%, improving from 45.5% for the same period of 2022.
- **Profit for the period** was RMB3.6 billion, compared to a loss of RMB1.5 billion for the same period of 2022. **Adjusted net profit**[(2)] was RMB4.4 billion, compared to adjusted net loss[(2)] of RMB45 million for the same period of 2022.
- **Operating profit from the domestic segment**[(3)] increased to RMB4.3 billion from RMB1.3 billion for the same period of 2022. **Operating loss from the overseas segment**[(3)] decreased to RMB0.6 billion by 63.2% year-over-year.

Full Year 2023 Key Highlights

- **Average DAUs on Kuaishou APP** were 379.9 million, representing an increase of 6.8% from 355.7 million in 2022.
- **Average MAUs on Kuaishou APP** were 678.2 million, representing an increase of 10.7% from 612.7 million in 2022.
- **Total e-commerce GMV**[(1)] was RMB1,184.4 billion, representing an increase of 31.4% from RMB901.2 billion in 2022.
- **Total revenue** increased by 20.5% to RMB113.5 billion from RMB94.2 billion in 2022. Online marketing services and live streaming contributed 53.1% and 34.4%, respectively, to the total revenue. The other 12.5% came from other services.
- **Gross profit** increased by 36.2% to RMB57.4 billion from RMB42.1 billion in 2022. Gross profit margin in 2023 was 50.6%, improving from 44.7% in 2022.
- **Profit for the year** was RMB6.4 billion, compared to a loss of RMB13.7 billion in 2022. **Adjusted net profit**[(2)] was RMB10.3 billion, compared to adjusted net loss[(2)] of RMB5.8 billion in 2022.
- **Operating profit from the domestic segment**[(3)] increased to RMB11.4 billion from RMB192.1 million in 2022. **Operating loss from the overseas segment**[(3)] decreased to RMB2.8 billion from RMB6.6 billion in 2022.

Mr. Cheng Yixiao, Co-founder and Chief Executive Officer of Kuaishou, said, "In 2023, we continuously elevated our content and commercial ecosystem, ushering in a new era of sustainable profitability for Kuaishou. Upholding our vision of providing long-term value for users, we cultivated a strong, quality content ecosystem and upgraded our traffic distribution mechanism by incorporating users' experience indicators into our recommendation algorithm. This improved the alignment of our content quality and commercialization efficiency, while better meeting users' needs and fostering high-quality growth on our platform. Users continue to choose Kuaishou, and our MAUs exceeded 700 million in the fourth quarter, marking a new record high. More effective integration of commercial opportunities also led to our strong e-commerce and online marketing services revenues that outshined the overall market's average performance, translating into milestone adjusted net profit exceeding RMB10 billion in 2023. As we pursue our next wave of growth, we remain dedicated to technological innovation and strengthening our core competencies. In 2024, we will further refine our trust-based content and commercial ecosystem to maximize the value we create for our users and stakeholders alike."

Fourth Quarter 2023 Financial Review

Revenue from our online marketing services increased by 20.6% to RMB18.2 billion for the fourth quarter of 2023, from RMB15.1 billion for the same period of 2022, primarily attributable to the growth in the number of marketing clients and increased consumption from marketing clients, especially from our e-commerce merchants, driven by our refined operating strategies based on industry attributes, consistent improvements in products capabilities and continuous optimization of algorithms.

Revenue from our live streaming business remained stable at RMB10.0 billion for the fourth quarter of 2023 and 2022, respectively.

Revenue from our other services increased by 36.2% to RMB4.3 billion for the fourth quarter of 2023, from RMB3.2 billion for the same period of 2022, primarily due to the growth of our e-commerce business, represented by the growth in our e-commerce GMV. The growth in e-commerce GMV was driven by increases in the number of active e-commerce paying users and active merchants, benefiting from our continuous refined operation strategy.

Other Key Financial Information for the Fourth Quarter of 2023

Operating profit was RMB3.6 billion, compared to an operating loss of RMB1.2 billion for the same period of 2022.

Adjusted EBITDA[(4)] was RMB6.1 billion, increasing from RMB1.9 billion for the same period of 2022.

Full Year 2023 Financial Review

Revenue from our online marketing services increased by 23.0% to RMB60.3 billion in 2023, from RMB49.0 billion in 2022, primarily attributable to the growth in the number of marketing clients and increased consumption from marketing clients, especially from our e-commerce merchants, driven by our refined industry-specific operating strategies and continuous efforts in enhancing product capabilities.

Revenue from our live streaming business increased by 10.4% to RMB39.1 billion in 2023, from RMB35.4 billion in 2022, benefiting from consistent enrichment of content supply and continuous optimization of our live streaming ecosystem and algorithms.

Revenue from our other services increased by 44.7% to RMB14.1 billion in 2023, from RMB9.8 billion in 2022, primarily attributable to the growth of our e-commerce business, represented by the growth in our e-commerce GMV. Along with our continuous improvement of operating strategy in e-commerce, the increases in the number of active e-commerce paying users and active merchants contributed to the growth in e-commerce GMV.

Other Key Financial Information for the Full Year of 2023

Operating profit was RMB6.4 billion, compared to an operating loss of RMB12.6 billion in 2022.

Adjusted EBITDA[(4)] was RMB17.4 billion, increasing from RMB1.8 billion in 2022.

Total available funds[(5)] reached RMB61.6 billion as of December 31, 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 year or 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 gains/(losses), net, are not included.
(4) We define "adjusted EBITDA" as adjusted net profit/(loss) for the year or period adjusted by income tax expenses, depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance income, 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

Despite the ongoing external macro challenges in 2023, we remained true to our long-term vision and commitment of creating value for our users and partners by building and maintaining a healthier and more inclusive content and commercial ecosystem. We supported good quality content and broadened recommendations for useful and entertaining content including short video and live streaming, cultivating a good quality content ecosystem. We also continuously deepened the construction of the entertainment live streaming ecosystem by supporting small and medium-level streamers and Chinese traditional cultural streamers to create a healthier and sustainable entertainment live streaming ecosystem. Moreover, we nurtured a more satisfactory e-commerce ecosystem for users by leveraging the scoring system for merchandise, store experience and KOLs' reputation in our e-commerce traffic distribution. We upgraded our traffic distribution mechanism by incorporating users' experience indicators into our recommendation algorithm. This better aligned our content quality and commercialization efficiency. Lastly, we further optimized our organization structure, strengthened the integration of content and commercial ecosystem, and enhanced overall organization efficiency.

As a result of these efforts, our user base repeatedly reached greater heights throughout the year. In the fourth quarter of 2023, average MAUs on the Kuaishou App exceeded 700 million, marking another new record. Additionally, a growing number of e-commerce merchants and marketing clients chose Kuaishou as their go-to platform for long-term operations. This was underscored by over 50% year-over-year increase in the number of monthly active merchants on Kuaishou as well as over 100% year-over-year increase in the number of marketing clients in 2023. Both our e-commerce and online marketing services outshined the overall average market performance in terms of growth rate, leading to a steady increase in their market share. In our overseas business, we focused on key markets, which considerably increased our revenues and decreased our losses. As for our innovative businesses, such as local services, ***Kwai Hire (快聘)*** and ***Ideal Housing (理想家)*** , we zeroed in on building our strength and establishing a solid foundation for rapid future expansion. The advancements we achieved in our content and commercial ecosystem also drove robust financial improvement. Our total revenue reached RMB113.5 billion in 2023, representing a 20.5% year-over-year increase. Moreover, we turned losses into gains in both adjusted net profit and profit for the year in 2023. Our full-year adjusted net profit surpassed RMB10 billion mark to reach RMB10.3 billion, which demonstrated that the Company ushered in an era of sustainable profitability.

User and content ecosystem

In the fourth quarter of 2023, we optimized our user growth strategies, built scenarios for user demand insight and explored user interests with refined algorithms. As a result, average DAUs and MAUs on the Kuaishou App reached 382.5 million and 700.4 million, representing a 4.5% and 9.4% year-over-year increase, respectively. The average daily time spent per DAU on the Kuaishou App was 124.5 minutes in the same period.

In terms of user growth, we prioritized acquiring high-value users with high retention potentials to achieve quality growth. By optimizing efficiency in growth from various channels, we continuously reduced the acquisition cost per new user year-over-year. Based on our refined operation strategy, the subsidy cost per DAU of Kuaishou Express declined year-over-year in the fourth quarter of 2023.

Content consumption is the core value provided by Kuaishou App for users. We have successfully built a sustainable content supply ecosystem that identifies and magnifies advantageous content featuring distinctive Kuaishou characteristics. The short play industry, for example, is an area in which Kuaishou has always been a pioneer and leader. As of the end of 2023, we launched almost 1,000 short plays produced by ***Kuaishou Astral Short Plays (快手星芒短劇)*** , including more than 300 blockbusters each of which received more than 100 million views. In addition, we have also introduced tens of thousands of short plays for subscription produced by third parties. We created a superior native user experience by building our self-developed sales funnel conversion path, and drove the rapid growth of both supply and demand sides through efficient traffic distribution. In the fourth quarter of 2023, heavy users of short plays, who watched over 10 episodes a day, reached 94 million, representing a year-over-year increase of over 50%. With a stream of frequent blockbuster releases, our high quality short plays also stimulated users' willingness to pay for content. In the fourth quarter of 2023, daily average paying users of short plays on Kuaishou grew by over three times year-over-year. In the ***Three Rural (三農)*** content vertical including agriculture, rural areas and rural inhabitants, we created a heartwarming online community for the rural population based on our fair and inclusive traffic distribution mechanism. In the fourth quarter of 2023, the number of short videos posted by active creators with over 10,000 followers in the ***Three Rural*** vertical increased by over 30%, while the daily average views of ***Three Rural*** themed videos climbed by more than 20%, both on a year-over-year basis. Growth in this vertical demonstrates that more rural creators were gaining exposure on Kuaishou. We also provided diverse monetization channels to support this burgeoning group of creators. As a result, the number of creators with 10,000 followers in the ***Three Rural*** vertical who earned income from our commercial ecosystem including e-commerce increased by over 30% year-over-year in the fourth quarter of 2023, playing an important role in promoting rural revitalization.

For our search business, we improved the construction of the "search after watching" scenario and increased the weight of social relationships and useful content in the ranking of searching results. In this way, we enhanced search user penetration and search experience. In the fourth quarter of 2023, Kuaishou search's average monthly users increased by more than 16%, and the number of average daily searches continuously increased, both on a year-over-year basis. In terms of commercialization, revenue from search marketing services grew by nearly 100% year-over-year in the fourth quarter of 2023.

Online marketing services

In the fourth quarter of 2023, revenue from online marketing services grew by 20.6% year-over-year to RMB18.2 billion. This robust growth was primarily attributable to our refined industry-specific operations, our upgraded smart marketing placement products, and the continuous optimization of our algorithms. In the fourth quarter of 2023, the number of active marketing clients increased by more than 160% year-over-year.

In the fourth quarter of 2023, native marketing services remained the major driver of our online marketing revenue growth. We unveiled new features for our omni-platform marketing solution, including in-placement analysis, post-placement review and real-time material analysis. These enhancements further helped merchants leverage our high-quality traffic and maximize their GMV across our platform. In the fourth quarter of 2023, merchants' consumption on omni-platform marketing solutions soared by more than 200% quarter-over-quarter. In addition, our smart hosting products were broadly applied to various scenarios, including live streaming hosting, merchandise hosting and search hosting. These products lowered the placement threshold for small and medium-sized merchants, contributing to improvements in marketing consumption and performance. In the fourth quarter of 2023, merchants' consumption through live-streaming hosting leaped by over 150% quarter-over-quarter.

In the fourth quarter of 2023, the year-over-year revenue growth rate of our external performance marketing services continued to increase, compared with the third quarter of 2023. This was particularly evident in industries such as media information, education and training, and gaming. For example, for paid short plays in the media

information industry, we consistently optimized our self-developed sales funnel conversion path, where we created a higher-quality short play ecosystem and enhanced user experience. Meanwhile, we improved our real-time forecasting model through algorithms, which fortified users' willingness to pay as well as stimulated marketing clients' inclination to place advertisements on our platform. In the fourth quarter of 2023, the marketing consumption of the paid short play vertical increased by more than three-fold year-over-year. To enhance our product capabilities, we rolled out the ***Universal Auto Ads for Leads (UAL, 線索全自動營銷產品)*** while leveraging AIGC to improve production efficiency and quality of marketing materials. This provided our clients with smart marketing capabilities for targeted demographics. To promote native marketing materials, we reinforced the integration of native marketing content and organic content in terms of underlying data and traffic synergy, achieving a true "marketing as content" approach. In the fourth quarter of 2023, the consumption of external native marketing materials increased by more than 50% quarter-over-quarter. The share of external marketing consumption from native marketing materials consistently increased.

Our brand marketing revenue grew by over 80% quarter-over-quarter in the fourth quarter of 2023, boosted by key promotion events, including the Double 11 Sales Promotion and our own marketing programs. We launched marketing solutions that integrated brand awareness, sales conversion, and marketing operations for marketing clients in the automotive industry. These solutions reached potential users and amplified conversion efficiency through optimal scenarios, operations and models. Driven by our distinctive brand portfolios and unique traffic, we established in-depth marketing collaborations with many leading automotive brands, including FAW-Volkswagen Audi and Nio. Moreover, we stimulated the growth in budget placement from brands by leveraging quality content. ***Kuaishou Astral Short Plays*** became a preferred marketing tool for many brands. In the fourth quarter of 2023, revenue from marketing sponsorship of ***Kuaishou Astral Short Plays*** surged by more than six-fold quarter-over-quarter, with a diverse range of customers from industries such as fast moving consumer goods, e-commerce as well as cosmetics and skincare.

E-commerce

In the fourth quarter of 2023, our e-commerce GMV maintained a rapid growth rate of 29.3% year-over-year, reaching RMB403.9 billion. We continued to gain market share, achieving favorable progress in terms of users, goods and venues.

On the user side, in the fourth quarter of 2023, the average number of MPUs reached a new high, exceeding 130 million, with the MAU penetration rate increasing to 18.6%. This was mainly due to our continuous enrichment of shopping scenarios such as shelf-based e-commerce, and the constant upgrade of our products and features. Meanwhile, we refined our smart subsidies and strengthened the governance of our e-commerce ecosystem. Bolstered by the Double 11 and Double 12 Sales Promotions, we maintained a year-over-year increase in both monthly purchasing frequency and ARPPU.

On the supply side, more than one million merchants participated in the Double 11 Sales Promotion. The high participation level accelerated growth in the number of monthly active merchants by over 50% year-over-year. To better help merchants grow on Kuaishou platform, we unveiled policies to assist cold-start stage, such as our ***Merchants' Training Camp (商家訓練營)*** and our ***Uplift Initiative (扶搖計劃)***. We also built service centers and product selection centers in the industry zones of 14 core cities. Leveraging service provider resources, we offered localized operations and training tailored to small and medium-sized merchants.

Regarding brands, we maintained robust growth in the fourth quarter of 2023. During the sales promotion period, GMV from brands increased by 155% year-over-year, with nearly 2,500 brands doubling their GMV. In the fourth quarter of 2023, GMV from well-known brands' self-operated live-streaming maintained a more than two-fold year-over-year increase, primarily driven by brand-intensive industries including consumer electronics, home appliances, men's apparel and sports. Additionally, we strengthened the retrieval of brands with outperforming distribution products through the ***Stream Initiative (川流計劃)*** and encouraged them to focus on self-operated live streaming. With respect to KOLs, we continued to focus on the health of our KOL ecosystem. We encouraged new KOLs to live streaming through our ***Spark Initiative (花火計劃)*** . KOLs also leveraged short videos for product recommendations, adding shopping links, and optimizing shop window displays to synergize with their live streaming. On the distribution side, we stimulated KOLs' selling enthusiasm through precise matching services and promotional events.

In terms of e-commerce scenarios, we continued to fortify the infrastructure of our e-commerce ecosystem, laying a solid foundation for exploring and further meeting user demand. Meanwhile, we also made significant strides in the shelf-based and short video e-commerce realm.

In the fourth quarter of 2023, the growth of shelf-based e-commerce GMV outpaced that of our overall platform, accounting for more than 20% of total GMV. This was mainly driven by parallel growth in both supply and demand. Specifically, for the shopping mall, we provided full access to the shopping mall tab on our homepage during the promotional season to expand traffic. With a deep understanding of users' shopping preferences, we enriched the merchandise supply on our platform, complementing content e-commerce by expanding standard merchandise categories and brand merchandise. At the same time, we strengthened users' mindset for most value-for-money shopping through marketing initiatives, which also helped us unlock more shopping needs. In addition, we explored the diversity of users' shopping needs through algorithms and dynamically adjusted exploration traffic to incrementally reinforce users' shopping mindset at our shopping mall. In the search realm, users' search-induced e-commerce mentality was continuously strengthened. We enhanced the accuracy of users' intention identification and merchandise display, leading to a sustained increase in conversion efficiency. As a result, GMV expanded by more than 60% year-over-year.

Short video e-commerce GMV grew rapidly in the fourth quarter of 2023 and more than doubled year-over-year. This was mainly attributable to an enriched short video supply and improved content quality. During the pre-sale period of the Double 11 Sales Promotion, merchants expanded their exposure through short video, setting new pre-sale GMV records. Throughout the promotion period, merchants created blockbusters by leveraging both short video and live streaming. After the promotion, live-streaming highlights were used as steady and high-quality e-commerce content that was widely disseminated to convert more viewers into buyers.

With respect to the infrastructure of our e-commerce ecosystem, we strengthened our pricing capabilities in the fourth quarter of 2023. Incorporating pricing signals into short video and shelf-based e-commerce scenarios, we improved the display of highly cost-effective merchandise. This further boosted our platform's efficiency and optimized user experience. Meanwhile, we stepped up our efforts to refine labeling for new merchandise and blockbusters, and upgraded the three-score system, which heightened traffic allocation efficiency.

Live streaming

In the fourth quarter of 2023, revenue from our live streaming business remained stable year-over-year, increasing by 3.4% quarter-over-quarter to RMB10.0 billion. This was attributable to our unwavering commitment to fostering our ecosystem's long-term health and our focus on high-quality content as the core driving force behind our live-streaming business. On the supply side, we have deepened and broadened our local operations in major regions nationwide, driving increasing number of regional talent agencies and streamers while increasing talent agencies' gross revenue. As of the end of the fourth quarter of 2023, the number of regional talent agencies collaborating with us exceeded 1,300. Meanwhile, we continued to develop new content, interactive scenarios and product features on our platform to meet users' diverse consumption needs. Notably, we are consistently promoting emerging product categories such as multi-host live streaming and "Grand Stage", while iterating our policies, refining product features and expanding user scenarios. These concerted efforts have been instrumental in driving our steady revenue growth. In the fourth quarter of 2023, the number of streamers on Kuaishou managed by talent agencies increased by nearly 40%, and the average daily live-streaming time of streamers increased by more than 30%, both on a year-over-year basis.

We continued to explore and cultivate good quality live-streaming content and streamers, carving out Kuaishou's distinctive characteristics under robust category operations. We strongly supported key categories of traditional culture, such as opera and folk music. In 2023, the number of traditional cultural streamers, including those involved in intangible cultural heritage inheritance, exceeded 190,000. Additionally, at the 2023 Annual Grand Ceremony, we expanded multi-dimensional tracks, established growth pathways for streamers, and extended coverage to more mid-tier streamers. The proportion of streamers with professional talents and abilities has consistently increased, demonstrating greater long-term ecosystem value.

As a prime example of our "live streaming+" services empowering traditional industries, ***Kwai Hire*** experienced an increase of over 200% year-over-year in average daily resume submissions during the fourth quarter of 2023, while the daily average number of users submitting resumes grew by over 100% year-over-year. In the fourth quarter of 2023, ***Ideal Housing*** achieved a cumulative gross transaction value of more than RMB16 billion.

Overseas

In the fourth quarter of 2023, we continued advancing our strategy focused on key overseas markets. DAUs and user time spent in core overseas markets such as Brazil and Indonesia grew steadily year-over-year. While developing our user ecosystem, we promoted the production of localized original content, adding diversified offerings across short plays, mini-games and sports, among others. We also sponsored popular shows in Latin America, continuing to enhance our media brand influence. On top of that, we intensified our monetization efforts. In the fourth quarter of 2023, total revenue of our overseas business reached RMB847 million, increasing by nearly 200% year-over-year. Meanwhile, we continued to improve operating efficiency, which led to a significant reduction in user growth costs by more than 30% year-over-year. We narrowed our overseas operating loss by 63.2% year-over-year in the fourth quarter of 2023 and further reduced our operating loss quarter-over-quarter. Our full-year operating loss from the overseas business narrowed from RMB6.6 billion in 2022 to RMB2.8 billion in 2023.

On the overseas online marketing services front, we focused on deep industry cultivation at the content level and fostered the development of key industries and localized capabilities. We continued to advance the development and enhance our product ecosystem with a focus on bid products, live streaming traffic and original content, stimulating rapid growth of revenue and consumption for clients across multiple industries, such as e-commerce and gaming. In the fourth quarter of 2023, online marketing revenue of our overseas business increased by over 300% year-over-year. Additionally, we continued to expand the scale of high-quality KOLs and create a carefully curated pool of KOLs, providing clients with a conducive environment and the creative capabilities to produce high-quality content, as well as enhancing marketing efficiency.

Corporate social responsibilities

The digital economy has become a key driver of high-quality growth in China's economy. By leveraging innovative technology for short video and live streaming, Kuaishou is empowering offline recruitment and revolutionizing traditional jobs with video content and fostering the rise of new digital professions, integrating the digital economy with the physical economy.

As of the end of 2023, we facilitated over 40.2 million job opportunities. In addition, our ***Kwai Hire*** conducted 5.5 million live streaming sessions in 2023, which significantly enhanced recruitment efficiency and helped more users find jobs. According to the "Report on the Role of the Short Video and Live Streaming Ecosystem in Fostering New Professions and Promoting High-quality Full Employment" published by the Ministry of Human Resources and Social Security in November 2023, the short video and live streaming ecosystem exemplified by platforms such as Kuaishou has created and cultivated 174 new job categories. These include career positions such as "Internet Recruitment Specialist" and "Real Estate Live Streaming Agents".

Looking ahead, we are committed to harnessing our evolving content and commercial ecosystem to promote the digital evolution and upgrade of traditional jobs. By embracing new business formats, we will introduce new professions, facilitating and solidifying high-quality employment. Through these efforts, we aim to meaningfully contribute to the development of the digital economy.

Business Outlook

As we move forward, our commitment to progress across our multiple growth engines remains steadfast. We will be dedicated to enhancing our infrastructure, algorithms, content and commercial scenarios.

Despite ongoing macro challenges, we are doubling down on internal efforts to optimize cost structure and improve our operating efficiency, gearing up for improved economic conditions that enable us to swiftly unlock potential and achieve faster development. Upholding our founding aspiration to enable everyone to be seen, we will continue to provide our users good content and valuable services. At the same time, we will strive to create greater economic value for our partners, thereby unleashing the energy and vitality of our unique, trust-based content and commercial ecosystem.

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			**Audited**	
	Three Months Ended			**Year Ended**	
	December 31, 2023	September 30, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022

	RMB'Million	*RMB'Million*	*RMB'Million*	***RMB'Million***	*RMB'Million*
Revenues	**32,561**	27,948	28,293	**113,470**	94,183
Cost of revenues	**(15,269)**	(13,495)	(15,417)	**(56,079)**	(52,052)
Gross profit	**17,292**	14,453	12,876	**57,391**	42,131
Selling and marketing expenses	**(10,198)**	(8,939)	(9,740)	**(36,496)**	(37,121)
Administrative expenses	**(752)**	(898)	(1,034)	**(3,514)**	(3,921)
Research and development expenses	**(3,296)**	(2,967)	(3,446)	**(12,338)**	(13,784)
Other income	**379**	434	450	**978**	1,547
Other gains/(losses), net	**197**	128	(349)	**410**	(1,410)
Operating profit/(loss)	**3,622**	2,211	(1,243)	**6,431**	(12,558)
Finance income, net	**135**	135	107	**539**	166
Share of losses of investments accounted for using the equity method	**(23)**	(26)	(27)	**(81)**	(139)
Profit/(loss) before income tax	**3,734**	2,320	(1,163)	**6,889**	(12,531)
Income tax expenses	**(122)**	(138)	(384)	**(490)**	(1,158)
Profit/(loss) for the period	**3,612**	2,182	(1,547)	**6,399**	(13,689)
Attributable to:					
—Equity holders of the Company	**3,608**	2,181	(1,547)	**6,396**	(13,690)
—Non-controlling interests	**4**	1	0	**3**	1
	3,612	2,182	(1,547)	**6,399**	(13,689)

CONDENSED CONSOLIDATED BALANCE SHEET

	Audited	Audited
	As of December 31, 2023	As of December 31, 2022
	RMB'Million	*RMB'Million*
ASSETS		
Non-current assets		
Property and equipment	**12,356**	13,215
Right-of-use assets	**10,399**	10,806
Intangible assets	**1,073**	1,123

Investments accounted for using the equity method	**214**	268
Financial assets at fair value through profit or loss	**5,245**	3,626
Other financial assets at amortized cost	**283**	670
Deferred tax assets	**6,108**	5,095
Long-term time deposits	**9,765**	7,870
Other non-current assets	**492**	776
	45,935	43,449
Current assets		
Trade receivables	**6,457**	6,288
Prepayments, other receivables and other current assets	**4,919**	4,106
Financial assets at fair value through profit or loss	**25,128**	13,087
Other financial assets at amortized cost	**950**	726
Short-term time deposits	**9,874**	8,318
Restricted cash	**128**	59
Cash and cash equivalents	**12,905**	13,274
	60,361	45,858
Total assets	**106,296**	89,307

CONDENSED CONSOLIDATED BALANCE SHEET

	Audited	Audited
	As of December 31, 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	**273,459**	274,473
Treasury shares	**(88)**	-
Other reserves	**33,183**	29,239

Accumulated losses	**(257,491)**	(263,882)
	49,063	39,830
Non-controlling interests	**11**	8
Total equity	**49,074**	39,838
LIABILITIES		
Non-current liabilities		
Lease liabilities	**8,405**	8,721
Deferred tax liabilities	**18**	23
Other non-current liabilities	**21**	16
	8,444	8,760
Current liabilities		
Accounts payables	**23,601**	22,868
Other payables and accruals	**16,592**	10,190
Advances from customers	**4,036**	3,240
Income tax liabilities	**1,222**	936
Lease liabilities	**3,327**	3,475
	48,778	40,709
Total liabilities	**57,222**	49,469
Total equity and liabilities	**106,296**	89,307

Financial Information by Segment

	Unaudited Three Months Ended											
	December 31, 2023				September 30, 2023				December 31, 2022			
	Domestic	**Overseas**	**Unallocated items**	**Total**	Domestic	Overseas	Unallocated items	Total	Domestic	Overseas	Unallocated items	Total
	RMB'Million				*RMB'Million*				*RMB'Million*			
Revenues	**31,714**	**847**	**-**	**32,561**	27,296	652	-	27,948	28,008	285	-	28,293
Operating profit/(loss)	**4,250**	**(551)**	**(77)**	**3,622**	3,155	(635)	(309)	2,211	1,267	(1,499)	(1,011)	(1,243)

	Audited Year Ended December 31,							
	2023				2022			
	Domestic	**Overseas**	**Unallocated items**	**Total**	Domestic	Overseas	Unallocated items	Total
	RMB'Million				*RMB'Million*			
Revenues	**111,186**	**2,284**	**-**	**113,470**	93,558	625	-	94,183
Operating profit/(loss)	**11,402**	**(2,789)**	**(2,182)**	**6,431**	192	(6,638)	(6,112)	(12,558)

Reconciliation of Non-IFRS Accounting Standards Measures to the Nearest IFRS Accounting Standards Measures

	Unaudited			**Unaudited**	
	Three Months Ended			**Year Ended**	
	December 31,	September 30,	December 31,	**December 31,**	December 31,
	2023	2023	2022	**2023**	2022
	RMB'Million	*RMB'Million*	*RMB'Million*	***RMB'Million***	*RMB'Million*
Profit/(loss) for the period	**3,612**	2,182	(1,547)	**6,399**	(13,689)
Add:					
Share-based compensation expenses	**653**	871	1,112	**3,570**	6,249
Net fair value changes on investments[(1)]	**97**	120	390	**302**	1,689
Adjusted net profit/(loss)	**4,362**	3,173	(45)	**10,271**	(5,751)
Adjusted net profit/(loss)	**4,362**	3,173	(45)	**10,271**	(5,751)
Add:					
Income tax expenses	**122**	138	384	**490**	1,158
Depreciation of property and equipment	**1,018**	1,029	891	**3,989**	3,212
Depreciation of right-of-use assets	**732**	737	776	**3,065**	3,222
Amortization of intangible assets	**33**	38	37	**148**	140
Finance income, net	**(135)**	(135)	(107)	**(539)**	(166)
Adjusted EBITDA	**6,132**	4,980	1,936	**17,424**	1,815

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.