



1Q23 Management Presentation

May 2023



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1. Overview

1.1 World's 2nd Largest Short Video Platform & China's 3rd Largest App⁽¹⁾



Large and highly engaged user community with **374 million average DAUs** and 126+ mins average daily time spent per DAU



Rich content supply, **with our industry-leading ability to produce blockbuster short plays and Kuaishou New Knowledge attracting close to ten million viewers**



Continuous optimization of monetization models, driving **solid revenue growth across business segments**



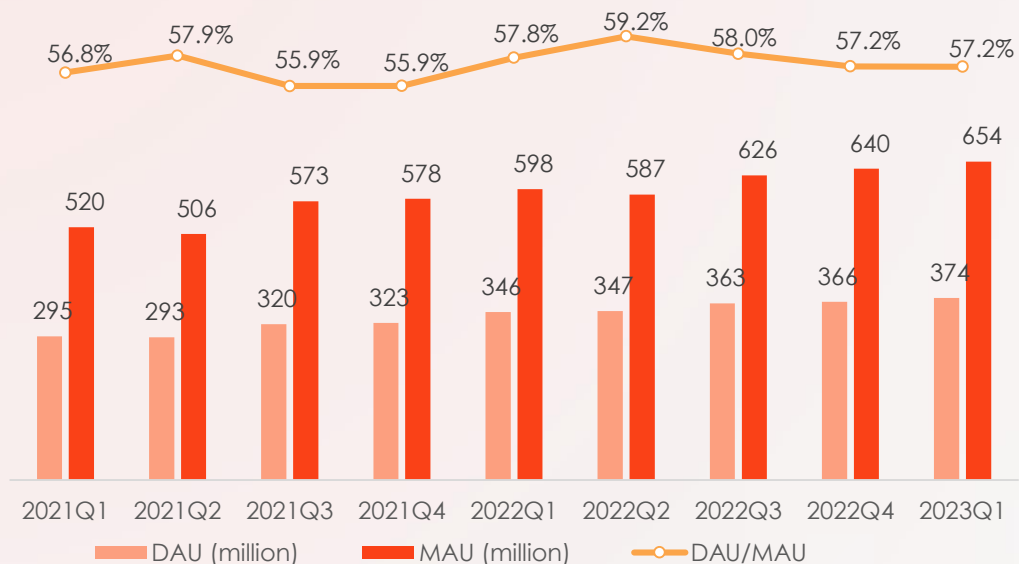
Rapidly improving profitability in 1Q23 with a **group-level adjusted net profit for the first time** since our listing



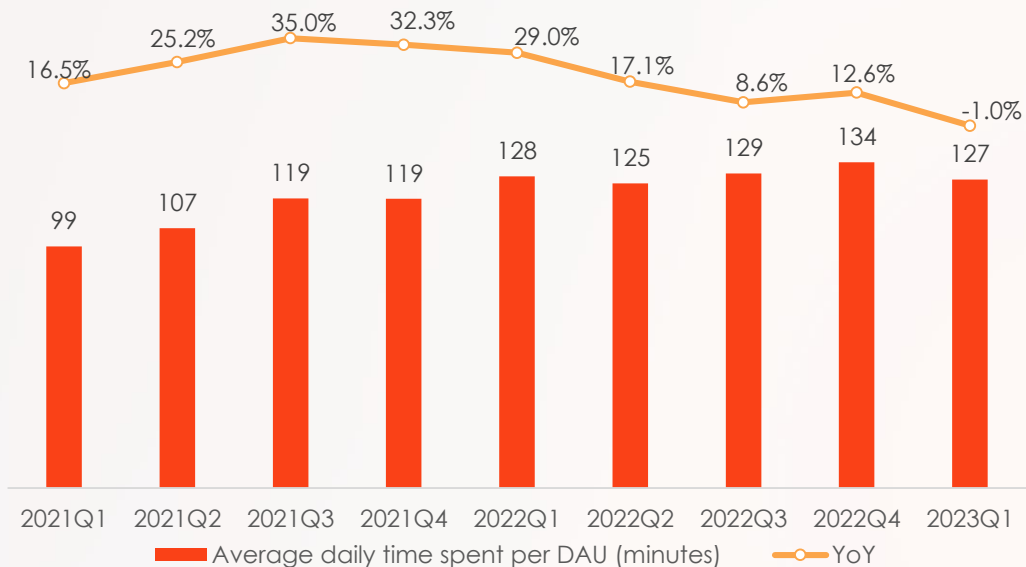
1.2 Setting a New Record for User Community Scale

- Improved automated placement of original, high-quality content through refined management and technological tools, and enhanced user acquisition ROI by growing the proportion of users with higher lifetime value.
- In 1Q23, average **DAUs was 374 million, up 8.3% YoY and 2.2% QoQ**; average daily time spent per DAU was **126.8 minutes**.
- Average MAUs was 654 million, rising by 9.4% YoY and 2.3% QoQ.

DAU, MAU and DAU/MAU Ratio



Average Daily Time Spent Per DAU and YoY Growth

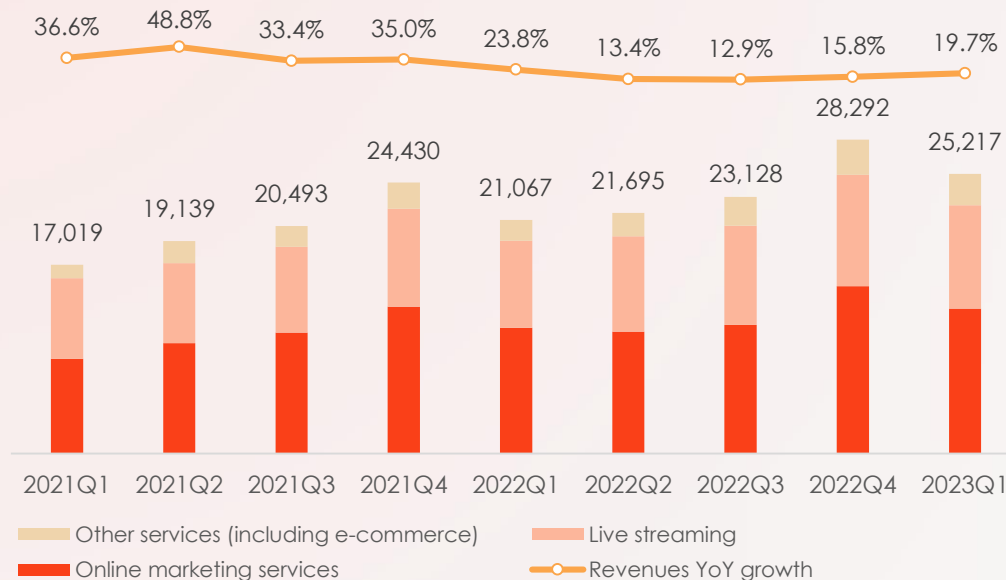


1.3 Tremendous Revenue Growth with Margin Expansion

- 1Q23 revenues grew by 19.7% YoY. Specifically, online marketing services revenue grew by 15.1% YoY, live streaming revenue grew by 18.8% YoY and other services revenue (including e-commerce) grew by 51.3% YoY.
- Domestic business achieved an operating profit for 4 consecutive quarters, primarily due to tremendous revenue growth and enhanced operating efficiency. Operating loss in overseas business narrowed significantly YoY and QoQ.

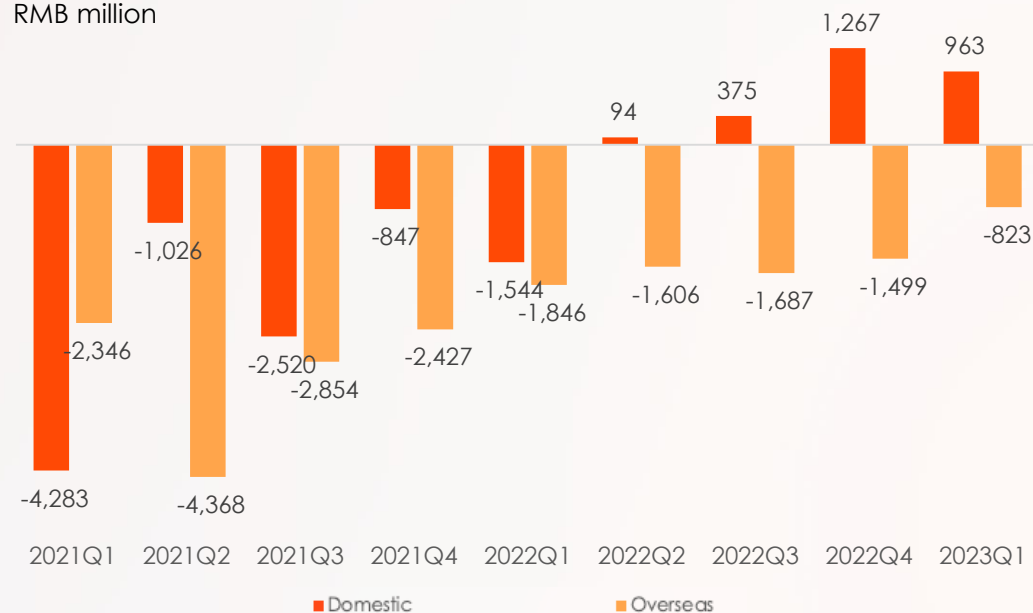
Revenues Breakdown and YoY Growth

RMB million



Operating Profit(loss) by Segment

RMB million





2. Business Development

2.1 Operating Highlights

Massive User Base



374 million
Average DAUs⁽¹⁾

Highly Engaged Community



126.8 minutes
Average Daily Time Spent per
DAU⁽¹⁾

Interactive Platform



20%+
YoY increase in average daily
short video interactions ⁽¹⁾⁽³⁾



654 million
Average MAUs⁽¹⁾



224.8 billion
Total e-commerce GMV ⁽¹⁾⁽⁴⁾



29.6 billion
Pairs of mutual followers⁽²⁾

Notes:

1. Based on data for Kuaishou APP for the three months ended March 31, 2023.
2. Cumulative as of March 31, 2023.
3. Interactions include likes, comments, forwarding, etc.
4. Transactions on our platform or directed to our partners through our platform.



2.2 Rich Content Supply, Optimized Search Function

- Enhanced quality across diverse content verticals including short play and pan-knowledge content, providing users with various “content + interaction” consumption choices during Chinese New Year.
- Refined search function, shaping stronger user habits and driving continual progress in commercialization.

100m+

cumulative views of *Donglan Snow* within 40 hours of its launch⁽¹⁾

300%+

YoY increase in revenue from advertising sponsorship of Project Astral short plays⁽²⁾

57.6%

YoY increase in cumulative pairs of mutual followers⁽³⁾

520m+

total likes in the first run of *Kuaishou 1001 Nights Fans' Gala*

420m+

average monthly users who used Kuaishou's search function⁽²⁾

650m+

peak number of average daily searches⁽³⁾



Notes:

- One of the 55 short plays produced by Project Astral during the 2023 winter break period.
- For the three months ended March 31, 2023.
- Cumulative as of March 31, 2023.

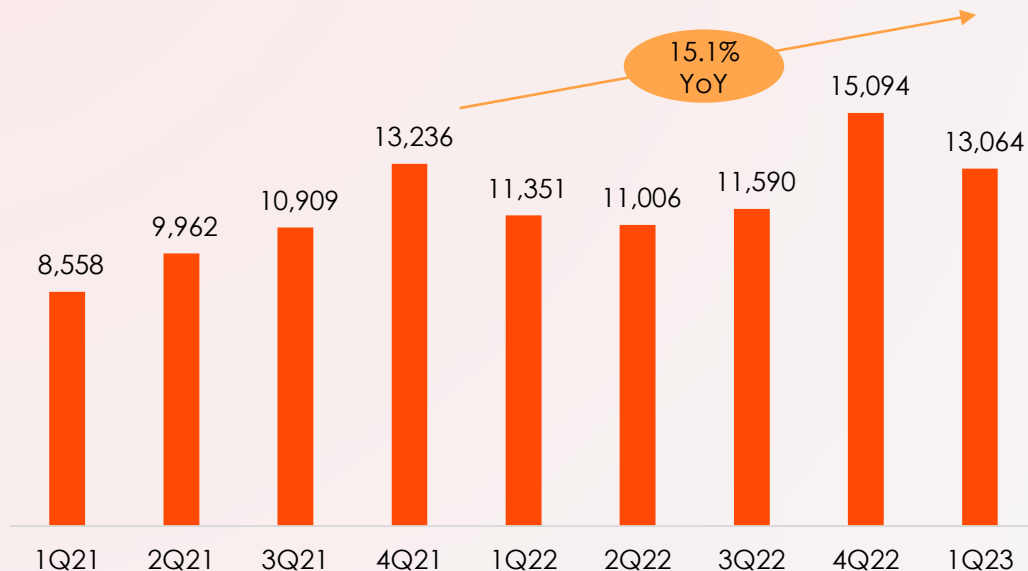


2.3 Gradually Resumed Online Marketing Services Growth, Outperforming Advertising Industry Driven by Closed-loop Advertising

- Through efforts to further strengthen commercialization data infrastructure, optimize product capabilities and refine industry-specific management strategies, online marketing services revenue gradually resumed growth in 1Q23.

Revenue from Online Marketing Services

RMB million



Key Highlights



Robust growth in closed-loop advertising propelled by e-commerce GMV increase: Pioneered the industry-leading operating philosophy of store-wide ROI and created an end-to-end conversion path integrating brand promotion, performance ads, and transactions for some brand advertisers. Upgraded Magnetic Taurus platform to expand reach among small and medium e-commerce merchants and optimized merchant ecosystem.



Enhanced external ads conversion efficiency to drive growth recovery: Developed product system to promote the discovery, accumulation and user-brand matching of high-value user cohorts, empowering advertisers to achieve in-depth conversion of their target users; optimized traffic distribution system and actively monitored health of external advertisements; established native advertisement system for enhanced conversion efficiency and ROI, propelling external advertising growth.

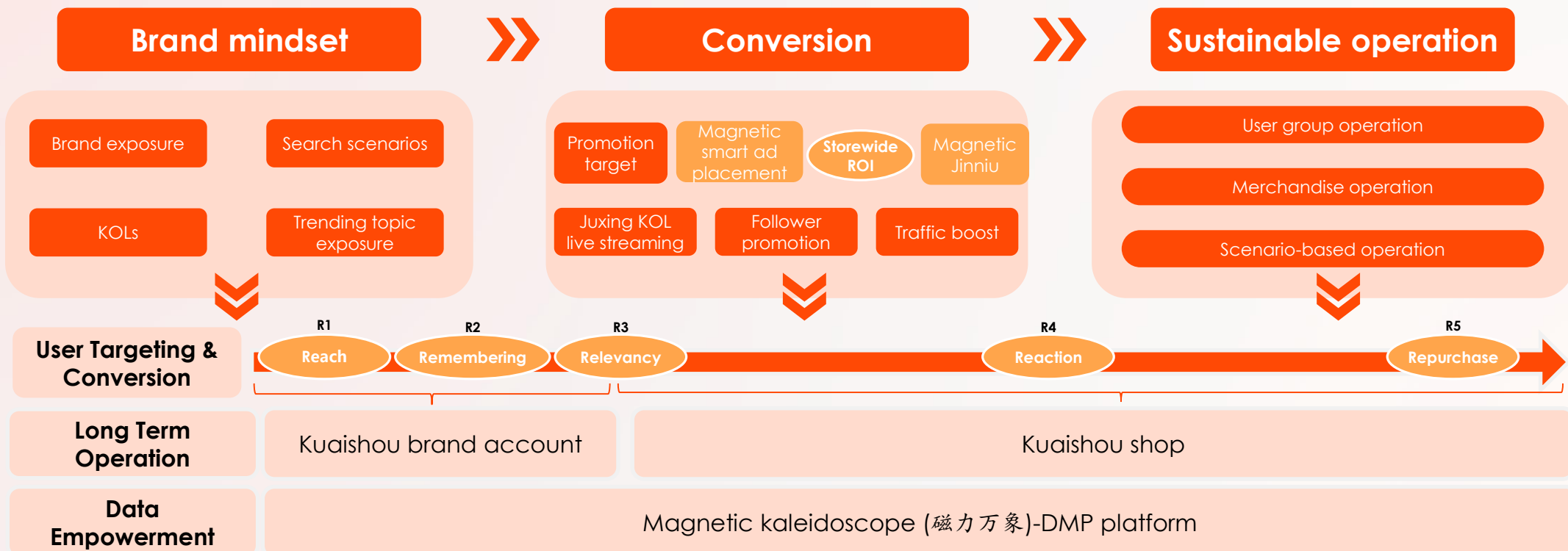


Increasing recognition of platform value among brand advertisers: Strengthened product capabilities, offered tailored solutions for brand advertisers at various stages across different industries through diversified advertising offerings, as well as expanded brand ads scenarios and resources, resulting in a 20%+ YoY increase in brand ads revenue.



2.3 Integrated Brand & Performance Marketing Solutions

- Rich product portfolio and end-to-end marketing solutions for advertisers to drive sustainable operation.

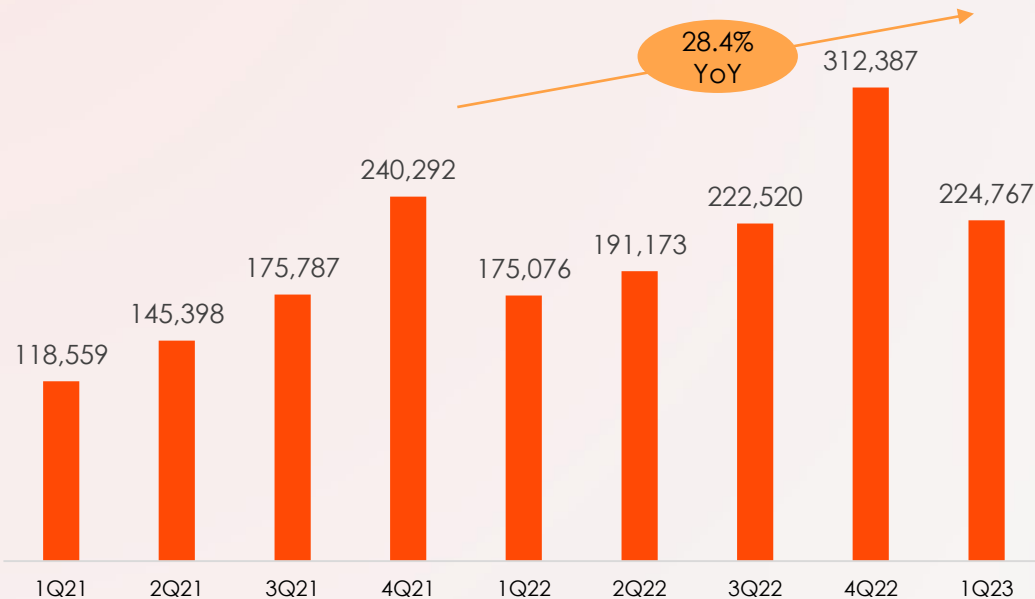


2.4 Rapidly Developing E-commerce Business with trust-based ecosystem

- Continue to strengthen **trust-based e-commerce ecosystem** and execute **omni-domain operating strategy**
- Enrich merchandise, improve matching accuracy, harness high-quality streamers and content
- 1Q23 **GMV increased by 28.4% YoY to RMB224.8 billion.**

GMV

RMB million



Key Highlights



Continue to reinforce merchandising capabilities: Increase the exposure of high-quality products based on product evaluations & ratings; guide merchants to enhance product information quality and service capabilities.



Continuous improvement on the supply side: Upgrade the cooperative mechanism between merchants and KOLs and facilitate traffic synergies by the Stream Initiative (川流计划); improve industry coverage of **brand merchants** by carrying out targeted promotions and facilitating self-operated live streaming; launched the Gold Rush Initiative (斗金计划) with exclusive policy and traffic support for **small and medium merchants**.



Tiered operations for paying users to reinforce conversion: Achieved more effective recommendations and conversion via smart subsidies, promotions and traffic allocation adjustments.



Tested new shopping mall and develop shelf-based e-commerce: Tested the new shopping mall on the landing page of Kwai shop to cultivate user mindset; optimize search function to better identify user intentions and improve the product relevance of search results, leading to a YoY doubling of search GMV in 1Q23.



2.4 Continued Prosperity on the Supply and Demand Side of E-commerce

Supply side

>50%

YoY increase of average monthly active merchants in 1Q23

Merchant-KOL cooperation:

- Delved into users' needs and expanded brands' share of voice with the help of KOLs, leading to **50%+ YoY increase in GMV through distribution channel**;
- Launched **Stream Initiative** to build a bridge between merchants and KOLs, optimizing traffic structure and creating a flywheel.

Brand e-commerce:

- Carried out targeted promotions, leading to approximately **30% YoY increase in the average number of brands onboarded per month**.
- Facilitated self-operated live streaming through creative content formats to enhance conversion, with **self-operated GMV growing by ~70% YoY in 1Q23**
- Brands GMV accounted for **~30% of total GMV in 1Q23**

Merchant development:

- **"Gold Rush" Initiative**, refine dsubsidy strategies and optimized traffic allocation help GMV scale-up for small and medium merchants.

Ecosystem governance:

- **Upgraded merchants, merchandise and KOLs' scoring system**.
- Identify high-quality merchants based on merchandise score, elevating users' shopping experience and reinforcing trust-based e-commerce ecosystem.

Demand side

100m+

Number of monthly active paying users in 1Q23

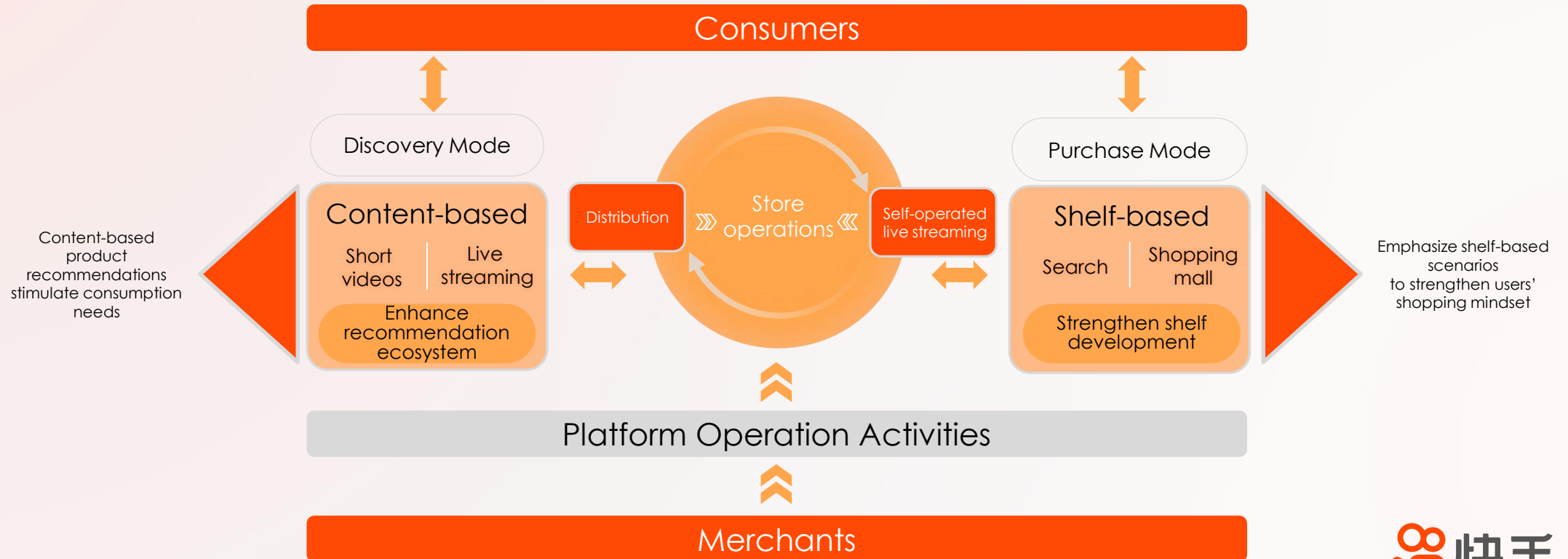
Users' shopping experience:

- Mitigate the impact of e-commerce on users by modeling the relationship between user interactions and consumption time spent.
- Reinforce new paying users' conversion via **smart subsidies, promotions and traffic allocation adjustments**. Their monthly purchase frequency increased YoY and QoQ, with retention rates improving every month.
- For less active paying users, strengthen the identification and reactivation of those with subpar experience; for active paying users, launch early warning and anti-churn strategies and provide better services.
- **Monthly active paying users, average order value and monthly purchase frequency increased YoY.**



2.4 Upgraded All-domain Solutions for Merchants

- Leverage high-quality public domain traffic and the trust-based private domain traffic in our dual-engine model, establish an end-to-end path from “recommendation” to “transaction.”

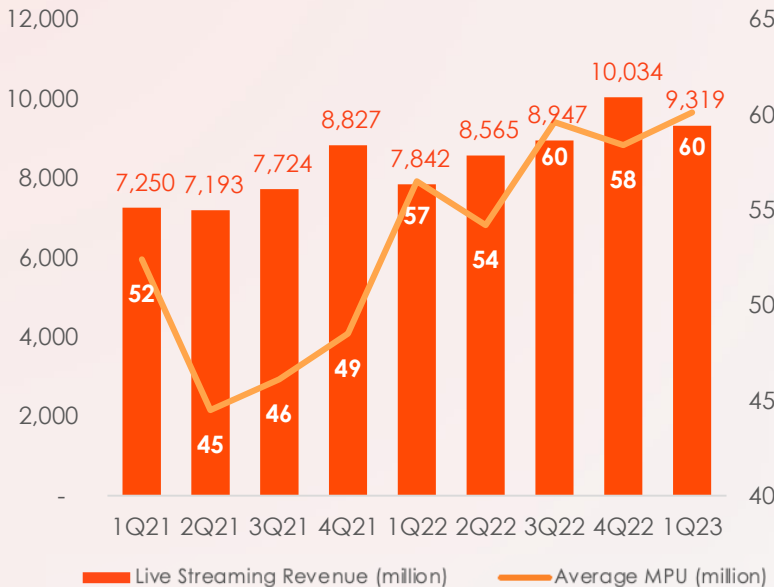


2.5 Solid Live Streaming Performance

- Live streaming revenue showed steady growth, reaching RMB9.32 billion in 1Q23, up 18.8% YoY; monthly ARPPU rose by double digits YoY.
- Live streaming content quality continued to improve, while user-content matching efficiency was optimized through algorithm iterations.

Revenue from Live Streaming

RMB million



Key Highlights



Focused on promoting the development of live streaming as a profession and continuously advanced diverse cooperation with top talent agencies and streamers. In 1Q23, the number of active streamers from talent agencies increased by over 140% YoY.



Provided traffic support to high-quality mid-level streamers to optimize the constituents of live streaming supply. Explored different live streaming categories, including knowledge-based live streaming and virtual person live streaming, to bring our users an endless flow of new types of live streaming content.



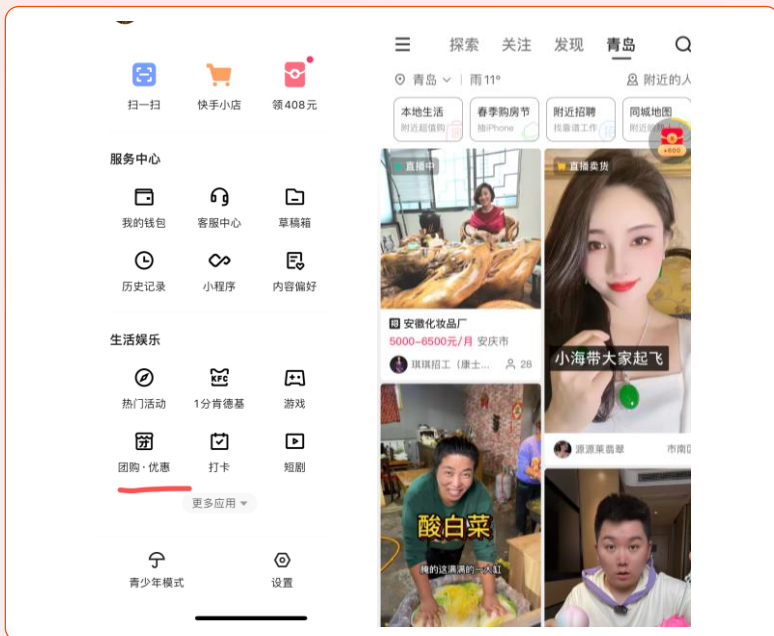
Our innovative "live streaming+" services made steady progress, with both Kwai Hire (快聘) and Ideal Housing (理想家) performing well.



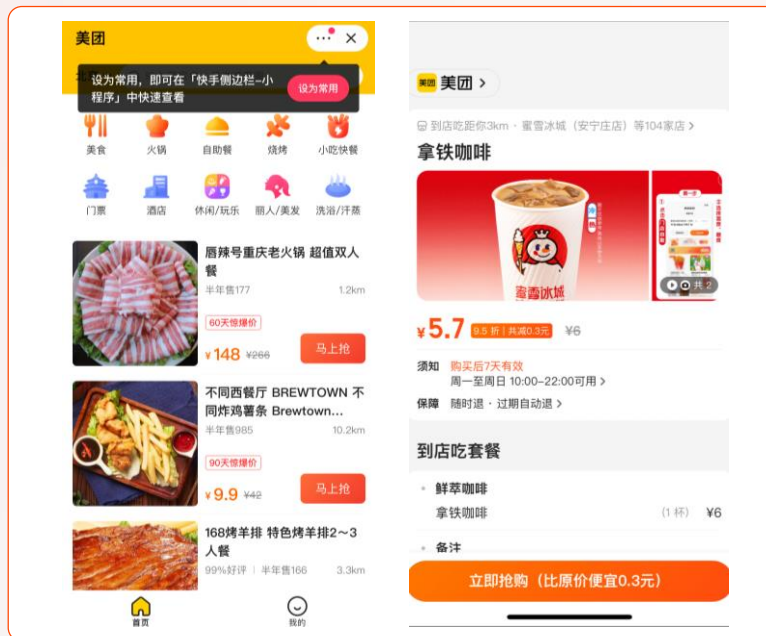
2.6 Promising New Initiative: Local Services

- Users' consumption demand for local services content surged post pandemic. Kuaishou prioritizes key cities MVPs and is currently in the validation phase.
- Establish "KOL + merchants" ecosystem and advance merchandise engine to build an efficient dual content distribution system of short video+live streaming.
- Built NPS user recommendation system to elevate user experience.

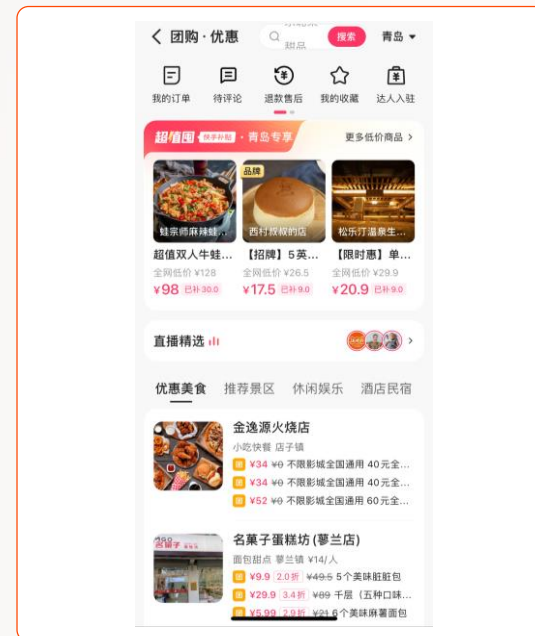
Local Services Access Point



Meituan Mini Program & Merchandise Supply



Local Services Home Page





3. Financial Results

3.1 Financial Highlights



1Q23

Positive adjusted net profit at the group level for the first time since IPO, adjusted NPM~0.2%

Operating net cash inflow ~ RMB1.8 billion, comparing with net cash outflow last year, with total available funds increasing QoQ for 3 consecutive quarters

Domestic business delivered an operating profit for the 4th consecutive quarter, reaching RMB960 million

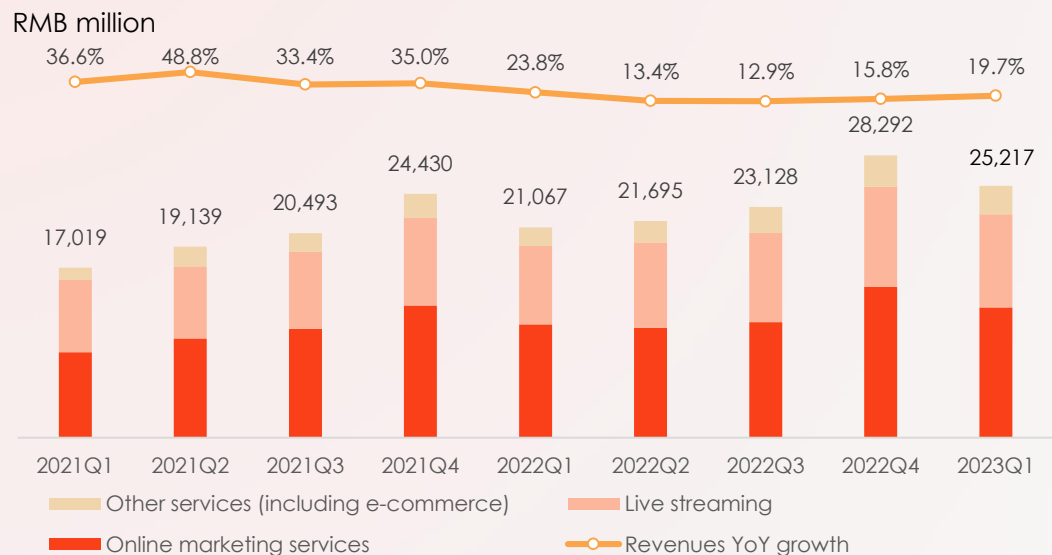
Overseas revenue increased 6 times YoY, operating net loss narrowed 55.4% YoY, 45.1% QoQ



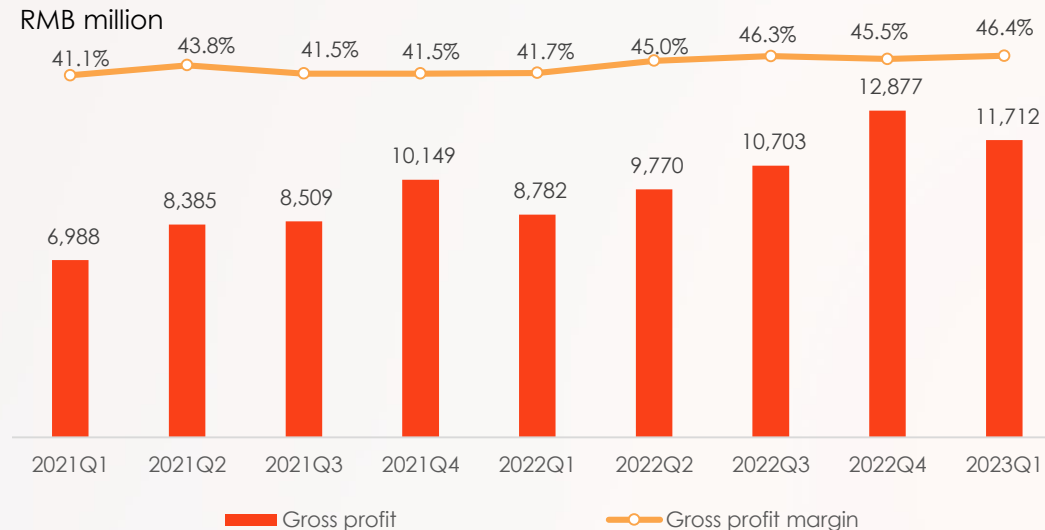
3.2 Accelerating Revenue Growth with High GPM

- 1Q23 revenues grew by 19.7% YoY, including 51.8% from online marketing services, 37.0% from live streaming and 11.2% from other services (including e-commerce);
- In 1Q23, online marketing services revenue grew by 15.1% YoY, live streaming revenue grew by 18.8% YoY and other services (including e-commerce) revenue grew by 51.3% YoY;
- Benefitting from enhanced operating efficiency, fixed costs as a percentage of revenue continued to decrease, driving growth of 4.7 pts YoY in GPM in 1Q23.

Revenues Breakdown and YoY Growth



GP and GPM

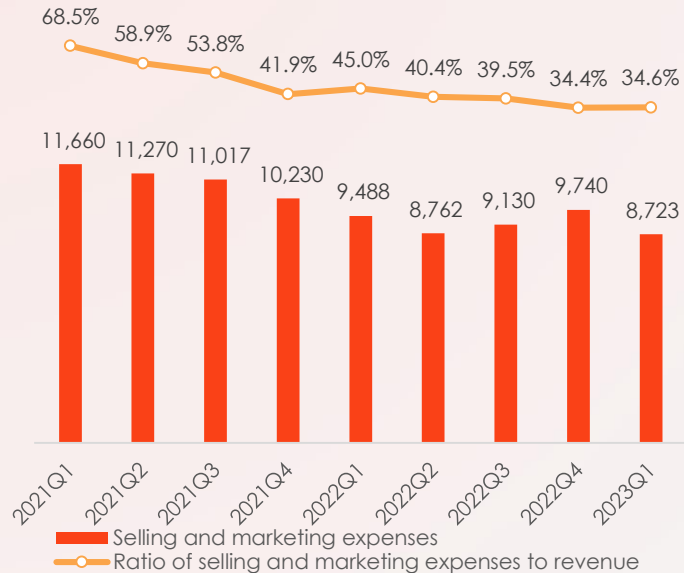


3.3 Significant Cost Reductions and Productivity Enhancements Led to Consistently Improving Operating Efficiency

- **S&M** as a percentage of revenue decreased by 10.4 pts YoY to 34.6%, due to more efficient and restrained spending on user acquisition and retention;
- **R&D** expenses as a percentage of revenue decreased by 5.1 pts YoY to 11.6%; **Administrative expenses** as a percentage of revenue decreased by 0.5 pts to 3.6%.

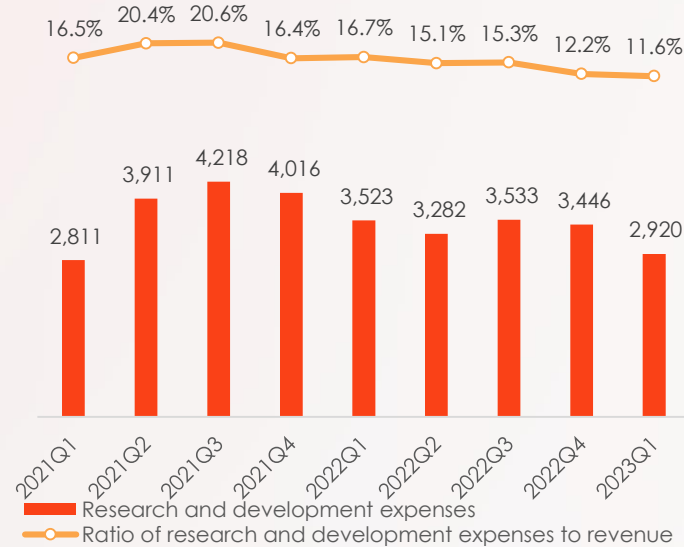
Selling and Marketing Expenses

RMB million



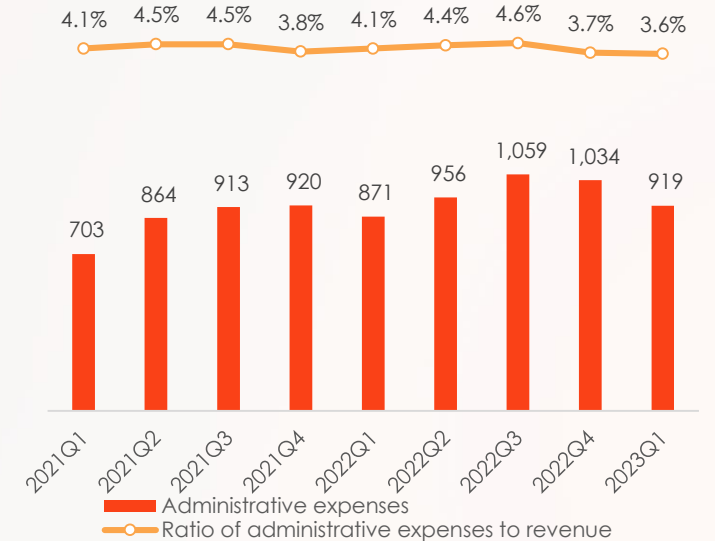
Research and Development Expenses

RMB million



Administrative Expenses

RMB million



3.4 Steady Domestic Profit and Significantly Narrowing Overseas Loss

- 1Q23 **domestic business operating profit was RMB963 million**, maintaining solid earnings momentum;
- **Overseas revenue increased by 6 times** thanks to enhanced monetization capability. Operating loss narrowed by 55.4% YoY and 45.1% QoQ due to our strategy of focusing on core markets and significantly reducing investments in non-core markets.

RMB million

2023Q1	Domestic	Overseas	Unallocated items	Total
Revenues	21,019	48	-	21,067
Cost of revenues and operating expenses	(22,562)	(1,894)	-	(24,456)
Unallocated items ⁽¹⁾	-	-	(2,254)	(2,254)
Operating loss	(1,543)	(1,846)	(2,254)	(5,643)
2022Q4	Domestic	Overseas	Unallocated items	Total
Revenues	28,007	285	-	28,292
Cost of revenues and operating expenses	(26,740)	(1,784)	-	(28,524)
Unallocated items	-	-	(1,011)	(1,011)
Operating profit/(loss)	1,267	(1,499)	(1,011)	(1,243)
2022Q1	Domestic	Overseas	Unallocated items	Total
Revenues	24,879	338	-	25,217
Cost of revenues and operating expenses	(23,916)	(1,161)	-	(25,077)
Unallocated items	-	-	(838)	(838)
Operating profit/(loss)	963	(823)	(838)	(698)



Notes:

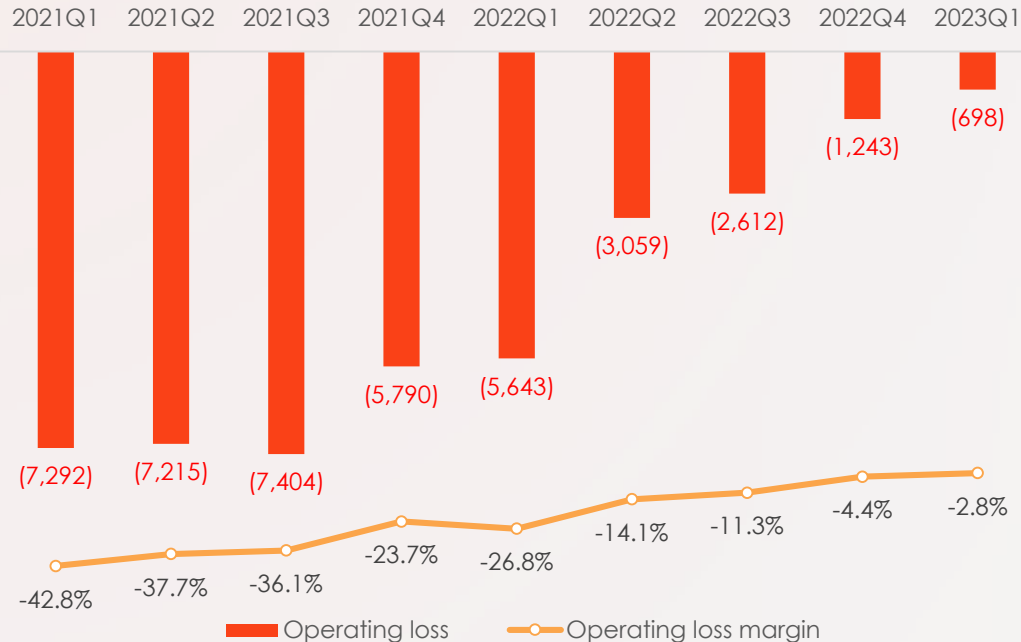
(1) Unallocated items include SBC, other income and other gains/(losses), net, comparable to industry practice

3.5 Positive Adjusted Net Profit at the Group Level for the First Time

- The group's operating loss continued to narrow, with operating loss margin down 24.0 pts YoY and 1.6 pts QoQ;
- Achieved positive adjusted net profit at the group level for the first time since IPO.

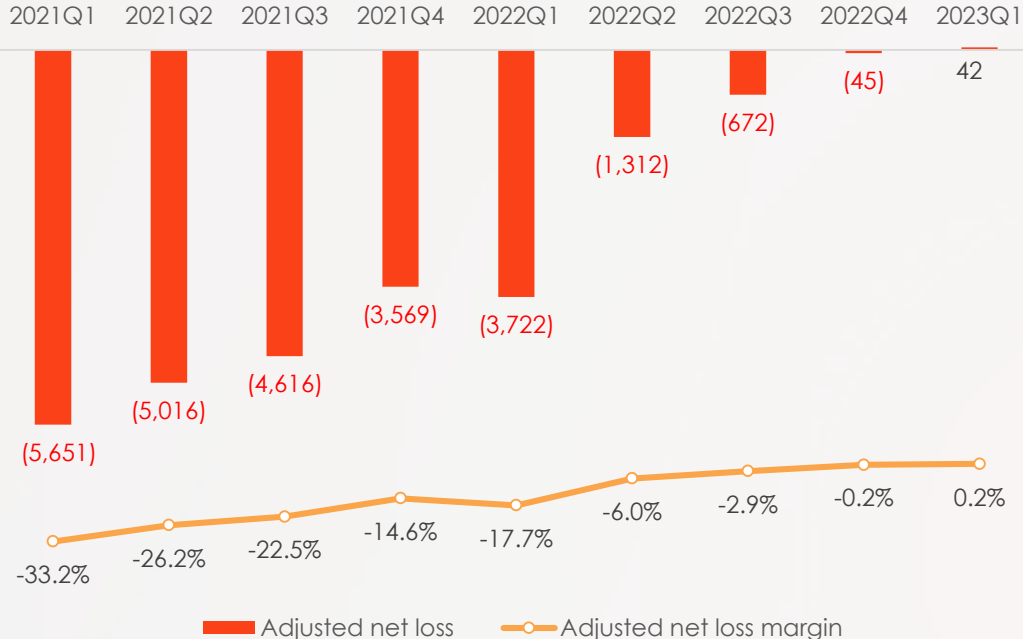
Operating Loss and Operating Loss Margin

RMB million



Adjusted Net Profit (Loss) and Adjusted Net Profit (Loss) Margin

RMB million





4 Appendix

Income Statement

RMB million	2022Q1	% of revenue	2022Q4	% of revenue	2023Q1	% of revenue	YoY change	QoQ change
Revenues	21,067	100.0%	28,293	100.0%	25,217	100.0%	19.7%	(10.9%)
Cost of revenues	(12,285)	(58.3%)	(15,417)	(54.5%)	(13,505)	(53.6%)	9.9%	(12.4%)
Gross profit	8,782	41.7%	12,876	45.5%	11,712	46.4%	33.4%	(9.0%)
Selling and marketing expenses	(9,488)	(45.0%)	(9,740)	(34.4%)	(8,723)	(34.6%)	(8.1%)	(10.4%)
Administrative expenses	(871)	(4.1%)	(1,034)	(3.7%)	(919)	(3.6%)	5.5%	(11.1%)
Research and development expenses	(3,523)	(16.7%)	(3,446)	(12.2%)	(2,920)	(11.6%)	(17.1%)	(15.3%)
Other income	263	1.2%	450	1.6%	52	0.2%	(80.2%)	(88.4%)
Other gains/(losses), net	(806)	(3.9%)	(349)	(1.2%)	100	0.4%	N/A	N/A
Operating loss	(5,643)	(26.8%)	(1,243)	(4.4%)	(698)	(2.8%)	(87.6%)	(43.8%)
Finance income/(expense), net	(11)	(0.1%)	107	0.4%	111	0.5%	N/A	3.7%
Share of losses of investments accounted for using the equity method	(37)	(0.1%)	(27)	(0.1%)	(14)	(0.1%)	(62.2%)	(48.1%)
Loss before income tax	(5,691)	(27.0%)	(1,163)	(4.1%)	(601)	(2.4%)	(89.4%)	(48.3%)
Income tax expenses	(563)	(2.7%)	(384)	(1.4%)	(275)	(1.1%)	(51.2%)	(28.4%)
Loss for the period	(6,254)	(29.7%)	(1,547)	(5.5%)	(876)	(3.5%)	(86.0%)	(43.4%)
<u>Non-IFRS financial measures:</u>								
Adjusted net profit/(loss), net	(3,722)	(17.7%)	(45)	(0.2%)	42	0.2%	N/A	N/A
Adjusted EBITDA	(1,552)	(7.4%)	1,936	6.8%	1,996	7.9%	N/A	3.1%



Adjusted Net Profit/(Loss) and Adjusted EBITDA

RMB million	2022Q1	2022Q4	2023Q1
Loss for the period	(6,254)	(1,547)	(876)
Add:			
SBC	1,711	1,112	990
Net fair value changes on investments	821	390	(72)
Adjusted net profit/(loss)	(3,722)	(45)	42
Adjusted net margin	(17.7%)	(0.2%)	0.2%
Adjusted net profit/(loss)	(3,722)	(45)	42
Add:			
Income tax expenses	563	384	275
Depreciation of property and equipment	733	891	964
Depreciation of right-of-use assets	828	776	788
Amortization of intangible assets	35	37	38
Finance (income)/expense, net	11	(107)	(111)
Adjusted EBITDA	(1,552)	1,936	1,996
Adjusted EBITDA margin	(7.4%)	6.8%	7.9%

Balance Sheet

RMB million	March 31, 2023	December 31, 2022
ASSETS		
Non-current assets		
Property and equipment	12,407	13,215
Right-of-use assets	10,130	10,806
Intangible assets	1,145	1,123
Investments accounted for using the equity method	264	268
Financial assets at fair value through profit or loss	4,094	3,626
Deferred tax assets	5,223	5,095
Long-term time deposits	7,776	7,870
Other financial assets at amortized cost	697	670
Other non-current assets	415	776
Total non-current assets	42,151	43,449
Current assets		
Trade receivables	5,117	6,288
Prepayments, other receivables and other current assets	3,071	4,106
Financial assets at fair value through profit or loss	10,885	13,087
Short-term time deposits	11,031	8,318
Other financial assets at amortized cost	556	726
Restricted cash	319	59
Cash and cash equivalents	12,473	13,274
Total current assets	43,452	45,858
Total assets	85,603	89,307

RMB million	March 31, 2023	December 31, 2022
EQUITY AND LIABILITIES		
Share capital	0.146	0.145
Share premium	274,521	274,473
Other reserves	29,965	29,239
Accumulated losses	(264,755)	(263,882)
Non-controlling interests	5	8
Total equity	39,736	39,838
LIABILITIES		
Non-current liabilities		
Lease liabilities	8,155	8,721
Deferred tax liabilities	22	23
Other non-current liabilities	5	16
Total non-current liabilities	8,182	8,760
Current liabilities		
Accounts payables	18,951	22,868
Other payables and accruals	10,735	10,190
Advances from customers	3,281	3,240
Income tax liabilities	1,233	936
Lease liabilities	3,485	3,475
Total current liabilities	37,685	40,709
Total liabilities	45,867	49,469
Total equity and liabilities	85,603	89,307





Thank You!

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