



2Q24 Management Presentation

August 2024



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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 **395 million average DAUs** and 122 mins average daily time spent per DAU in Q2



Kuaishou's AI matrix supports content creation, understanding, recommendations, and user interactions; **marketing clients' daily spending with AIGC marketing materials peaked at RMB20 million in Q2**



Continuous optimization of income structure, driving **over 20% YoY revenue growth in core businesses** in both online marketing services and other services revenue (including e-commerce)



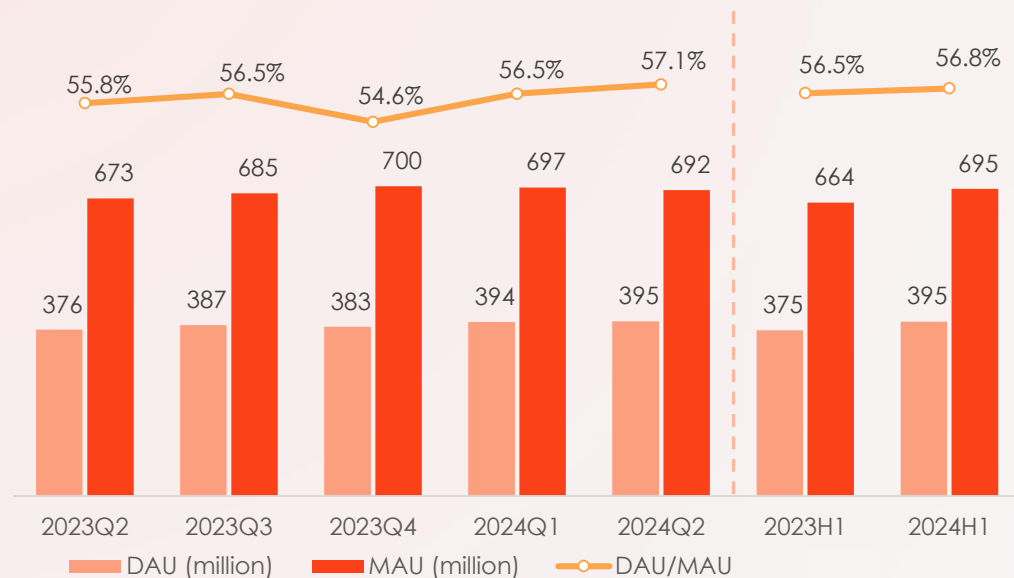
Continuously amplified profitability with **a group-level net profit of RMB4.0 billion in Q2, while adjusted net profit increased QoQ to RMB4.7 billion with a margin of 15.1%**



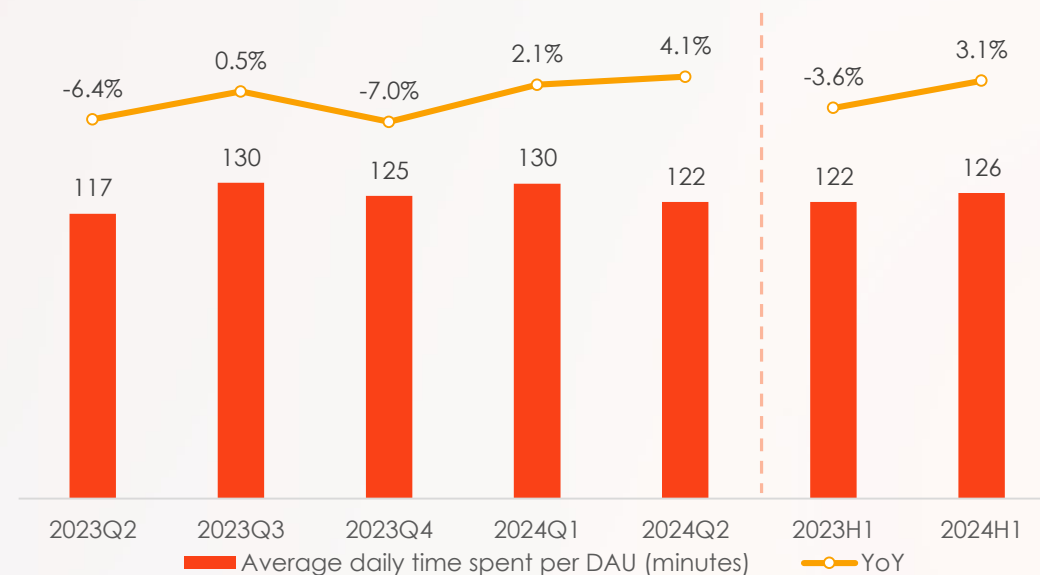
1.2 Setting a New Record in User Community Scale

- Enhanced user experience and community interaction by upgrading traffic allocation mechanism and building scenarios for user demand, significantly improving user retention, achieving high-quality growth in DAUs.
- In 2Q24, average DAUs were 395 million, up 5.1% YoY; average daily time spent per DAU was 122 minutes; Average MAUs were 692 million, up 2.7% YoY.

DAU, MAU and DAU/MAU Ratio



Average Daily Time Spent Per DAU and YoY Growth

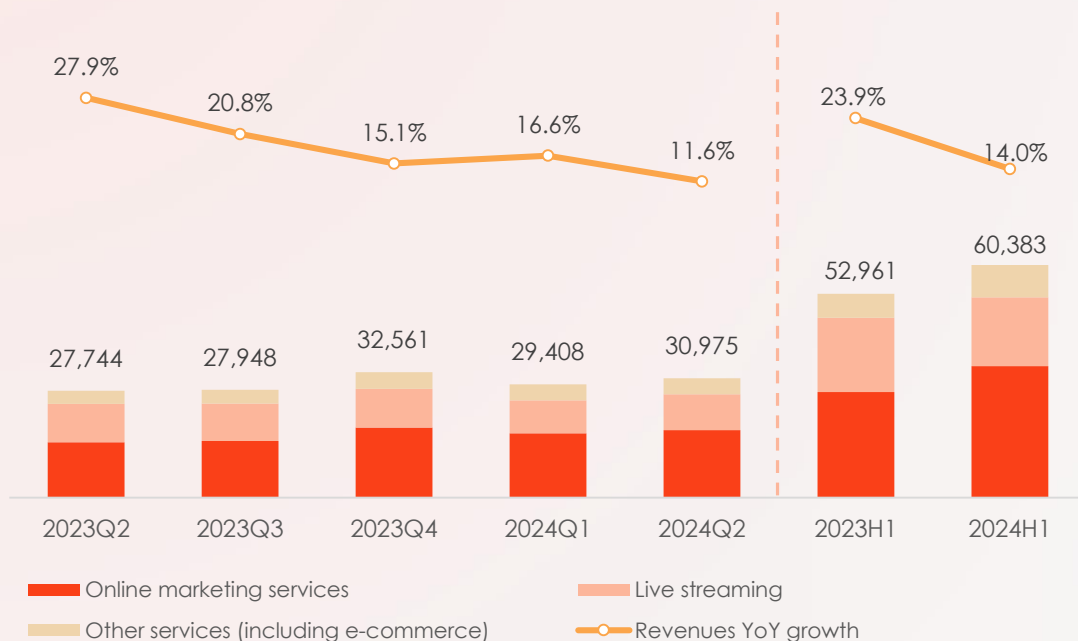


1.3 Robust Revenue Growth, with Profitability Surging Significantly

- 2Q24 revenues grew by 11.6% YoY. Specifically, online marketing services revenue grew by 22.1% YoY, other services revenue (including e-commerce) grew by 21.3% YoY.
- Domestic business operating profit increased by 48.3% YoY, primarily due to tremendous revenue growth and enhanced operating efficiency. Operating loss in overseas business narrowed by 64.5% YoY.

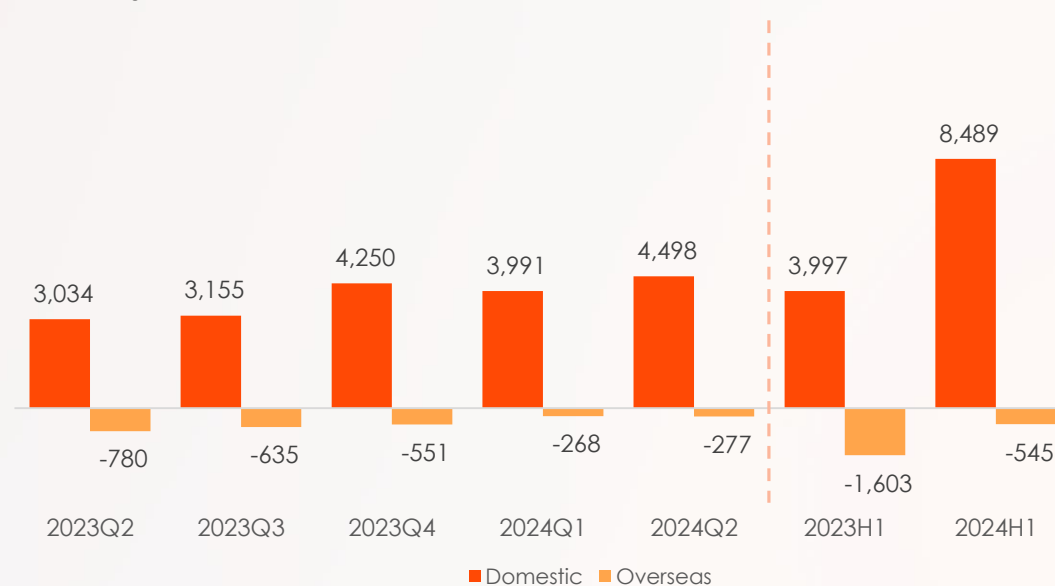
Revenues Breakdown and YoY Growth

RMB million



Operating Profit(loss) by Segment

RMB million





2. Business Development

2.1 Operating Highlights

Massive User Base



395 million
Average DAUs⁽¹⁾

Highly Engaged Community



122.0 minutes
Average daily time spent per
DAU⁽¹⁾

Interactive Platform



10 billion
Average daily short video
interactions⁽¹⁾⁽³⁾



692 million
Average MAUs⁽¹⁾



305.3 RMB billion
Total e-commerce GMV⁽¹⁾⁽⁴⁾



35.1 billion
Pairs of mutual followers⁽²⁾

Notes:

1. Based on data for Kuaishou APP for the three months ended June 30, 2024.
2. Cumulative as of June 30, 2024.
3. Interactions include likes, comments, forwarding and private messages, etc.
4. Transactions on our platform or directed to our partners through our platform.



2.2 Rich Content Supply, Comprehensively AI Search Update

- Delivered differentiated content showcasing Kuaishou's unique ethos, "Kuaishou Village Olympics" gained broad attention; led short play industry with over 12 blockbuster short plays⁽²⁾, premiered China's first original AIGC fantasy short play, achieving high views.
- Improved search penetration while enhancing 'search after watching' feature and introducing a single-column in search results to unlock commercial potential, significantly boosting search marketing service revenue and search-induced e-commerce GMV.

6.4bn

Impressions of
"Kuaishou Village
Olympics" ⁽¹⁾

12+

Number of
blockbuster short
plays ⁽¹⁾⁽²⁾

20%+

Daily searches
increasing by YoY ⁽¹⁾

~500m

MAUs for Kuaishou
search⁽¹⁾



Note:

1. For the three months ended June 30, 2024.

2. Blockbuster short plays refer to Kuaishou Astral Short Plays with over 100 million views

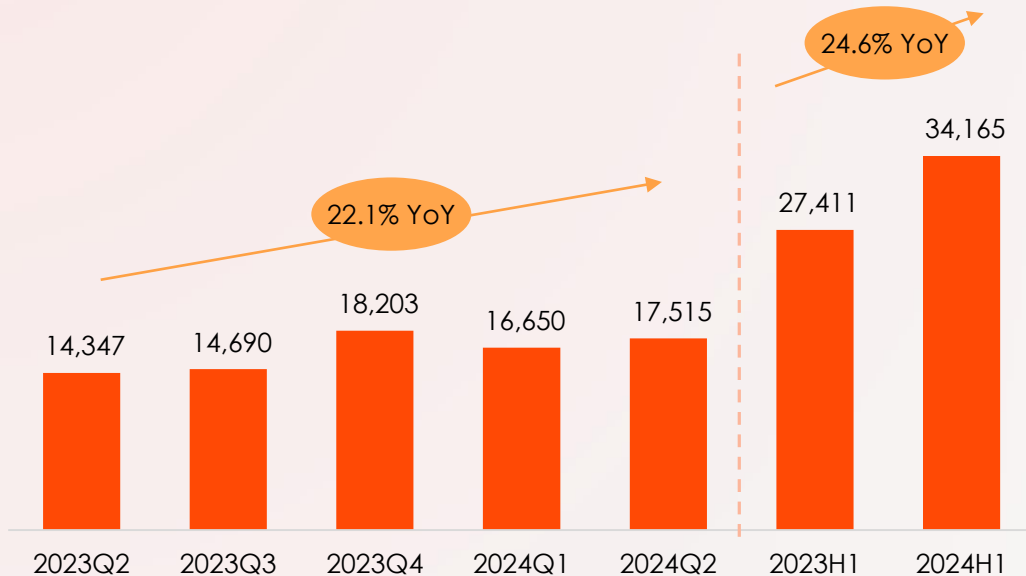


2.3 Outperforming Online Marketing Service with Improved Monetization Efficiency

- In 2Q24, **revenue from online marketing services reached RMB17.5 billion, up 22.1% YoY**, accounting for 56.5% of total revenue.
- Refined smart marketing solutions, deepened sales funnel conversion paths to enhance client bidding; advanced algorithms supported greater exploration of demographic interests and improvements in matching efficiency, significantly boosting the number of effective users with online marketing potential.

Revenue from Online Marketing Services

RMB million



Key Highlights



Revenue from external marketing services continued to grow, especially notable in media information, e-commerce platforms, and local services industries. Rapid growth in paid short plays marketing placement, with average daily marketing spending more than doubled YoY. UAX penetration continued to increase, accounting for over 30% of overall external marketing spending.



Revenue from enclosed-loop marketing services, driven by e-commerce growth, continued to increase. Smart placement product strategies and capabilities continued to optimize. Merchants using omni-platform marketing solution or smart hosting products contributed to 40% of overall enclosed-loop marketing spending.



In brand marketing, innovative marketing initiative in collaboration with fashion media attracted well-known brands across various sectors. Over 20-fold revenue growth YoY from marketing sponsorship of Kuaishou Astral Short Plays.



2.4 Smart Marketing Solution to Enhance Conversion Efficiency

- Leveraging AI and large models capabilities, smart marketing solution provided clients with end-to-end solutions to improve efficiency, covering smart creation, smart placement and smart connection, lowering clients' customer acquisition costs and enhancing their marketing conversion efficiency.

Smart Creation



AIGC Short Video Materials

60%+

Reduction in average customer acquisition cost

Digital Human Live Streaming

Conversion rate close to that of real streamer

Smart Placement



UAX

+196%

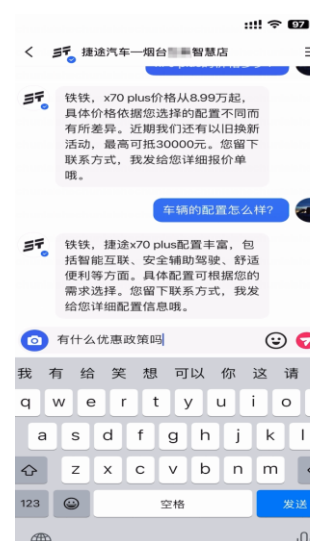
ARPU

Omni-platform Marketing Solution

30%

Increase of GMV for high quality merchants

Smart Connection



Smart BOT

40%+

Improvement in conversion rate (Content→Lead)

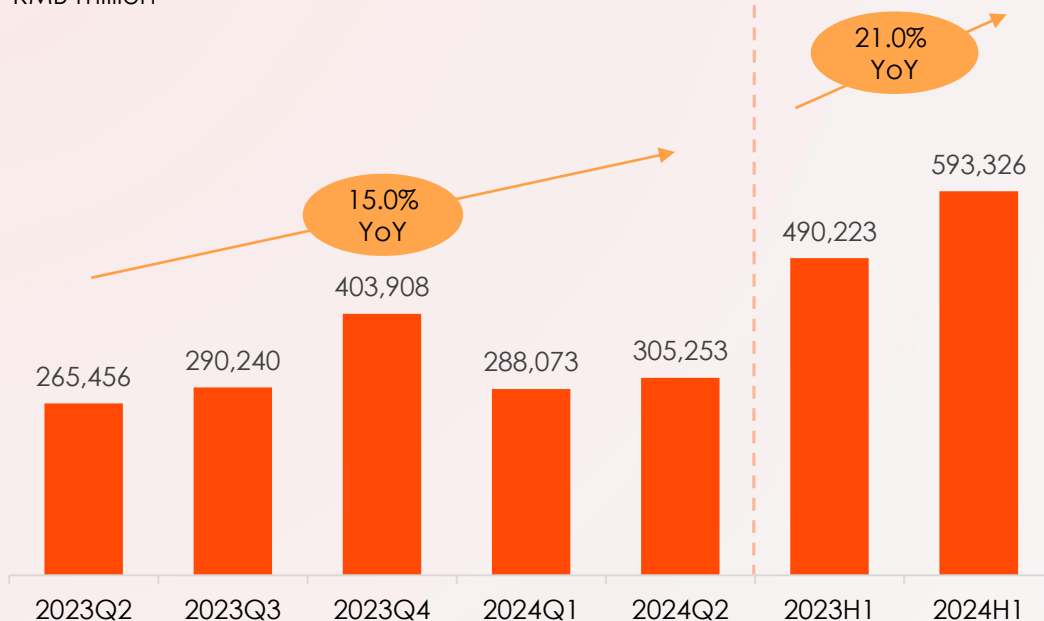


2.4 Solid E-commerce Growth, Driving Diversified Omni-Domain Operations

- 2Q24 **GMV up by 15.0% YoY to RMB305.3 billion**, will continue to foster KOL ecosystem, advance diversified omni-domain operations.
- Committed to user-centric strategy, leveraging a focused approach to tapping specific industries, quickly respond to fast-evolving consumer preferences, monthly active paying users increased by 14.1% YoY to 131 million, and MAU penetration rate reached a new high of 18.9%.

GMV

RMB million



Key Highlights



Continuous improvement on the supply side. Actively advanced new merchants' cold-starts, growth and sustained operations, empowering merchants through programs like Set Sail Initiative and Uplift Initiative. KOL-wise, continued to optimize recommendation mechanism, supporting medium-tier KOLs. For brand merchants, continued to diversify brand merchandise offerings, boosting GMV from consumer electronics brands and household items during the 618 Shopping Festival.



Shelf-based and short video scenarios grew rapidly. Shelf-based e-commerce GMV continued to outpace the overall platform, accounting for 25%+ of total GMV. For shopping mall, the number of average daily active merchants and average daily paying users both grew by 50%+ YoY, a key growth driver for e-commerce business. Short video e-commerce GMV increased by nearly 70% YoY, further integrating short video and live-streaming content.



E-commerce ecosystem infrastructure continued to strengthen. Enhanced merchants' overall omni-domain operating capabilities via follower-base growth initiatives, and integration of short video and live-streaming content. Elevated our platform's capabilities in matching KOLs with products via AI technology, marketing tools and follower operation tools. Harnessed large models in improving the ability to identify user purchasing intentions, with 2Q24 search-induced e-commerce GMV up by 80%+ YoY.



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

Supply side

50%+

YoY increase of monthly active merchants in 2Q24

New merchants' cold-starts and growth:

- Through Set Sail Initiative, which offered up to 100 billion video view traffic resources, guaranteed 100% of new merchants in traffic from cold-start.
- Via Uplift Initiative, further supported new merchants with over 70 billion video view traffic resources, driving GMV to help merchants make operational breakthroughs.
- With Golden Bounty Initiative, granted new merchants compounded rebates, offering substantial traffic support.

KOL ecosystem:

- Helped KOLs select merchandise via internal and external funnels, adopted targeted recommendations based on the follower profiles of medium-tier KOLs.
- Enriched marketing strategies through AI technology, marketing tools etc., lowered barriers for KOLs to conduct e-commerce live streaming, encouraged live-streaming user interactions, and comprehensively enhanced KOL ecosystem.

Brand merchants:

- Enhanced programs like "Trade-in, Trade-up", "Big Brand, Big Subsidy" continuously enriched brand merchandise offerings. During the 618 Shopping Festival, GMV from consumer electronics brands and household items grew by 83%+ YoY, a growing consumer mindshare for affordable branded products.

Demand side

131m

Number of monthly active customers in 2Q24

Increased omni-domain user base:

- The number of e-commerce monthly active paying users increased by 14.1% YoY to 131 million in 2Q24.
- In shopping mall, the average number of product cards viewed per user and the volume of product searches both surged YoY, highlighting consumers' growing mindshare for browsing and searching for products here. For shopping mall, average daily paying users grew by 70%+ YoY.
- Kuaishou large models improved our ability to identify user purchasing intentions, with 2Q24 search-induced e-commerce GMV grew by 80%+ YoY.

Enhanced users' experience:

- Iterated initiatives for acquiring new users and growing active users, further expanding user reach through product and subsidy measures that encourage repeated engagement.
- Employed a comprehensive upgrade to enhance users' shopping experiences, including streamlining marketing processes and facilitating a "use first, pay later" purchase option.

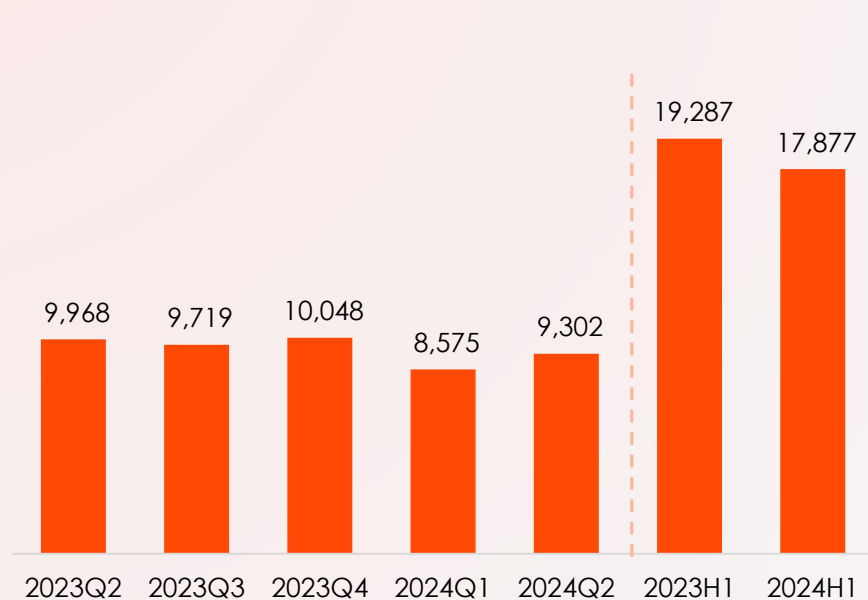


2.5 Live Streaming Maintained Healthy Momentum

- Live streaming revenue reached RMB9.3 billion in 2Q24; continued to iterate refined operating approach to bolster a healthy and positive live-streaming ecosystem.
- Established regional teams to attract high-quality new talent agencies and support leading talent agencies, partnering talent agencies up by nearly 50% YoY, talent agency-managed streamers up by 60% YoY in 2Q24.

Revenue from Live Streaming

RMB million



Key Highlights



Continued to promote multi-host live streaming and the "Grand Stage", attracting significantly more talent agencies and streamers, and driving business growth.



Diversified premium content offerings, supported mid-tier streamers, and innovated interactive live-streaming features. Through crossover initiatives, boosted visibility of Esports events, attracting more high-quality users.



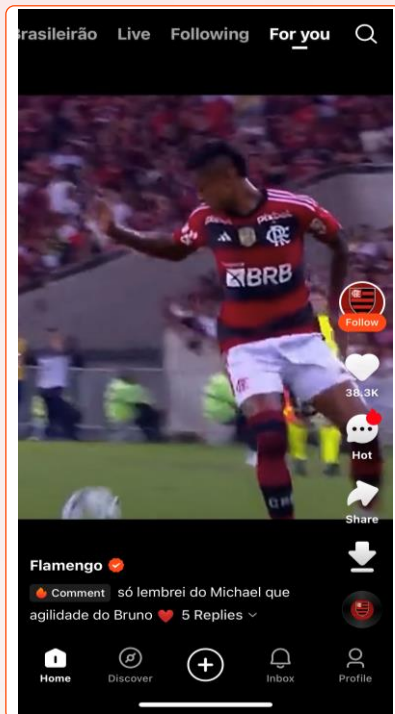
"Live streaming+" services empowered traditional industries. In recruitment and housing segments, drove rapid growth in service coverage and transaction volume. Daily average number of resume submissions on Kwai Hire up by 130%+ YoY, matching rate up by 150%+ YoY, daily lead generation on Ideal Housing expanded by nine-fold YoY.



2.6 Deepened Overseas Penetration, Major Boost in Profitability

- Refined operations in traditional marketing channels, explored new growth avenues, 2Q24 average DAUs in key overseas markets grew steadily, with DAUs in Brazil rising by 15.4% YoY;
- Further enhanced localized content operations, notably improved quality of content offerings, and vibrancy of community-based ecosystem. Diversified creators' monetization channels via optimized algorithm and enhanced traffic mechanisms. Average daily time spent per DAU was nearly 80 minutes in 2Q24.
- Improved monetization efficiency, 2Q24 overseas revenues increased by 141% YoY to RMB1.08 billion. Gained further operating leverage, operating loss from overseas business narrowed by 64.5% YoY.

Kwai App



Ad Partnership

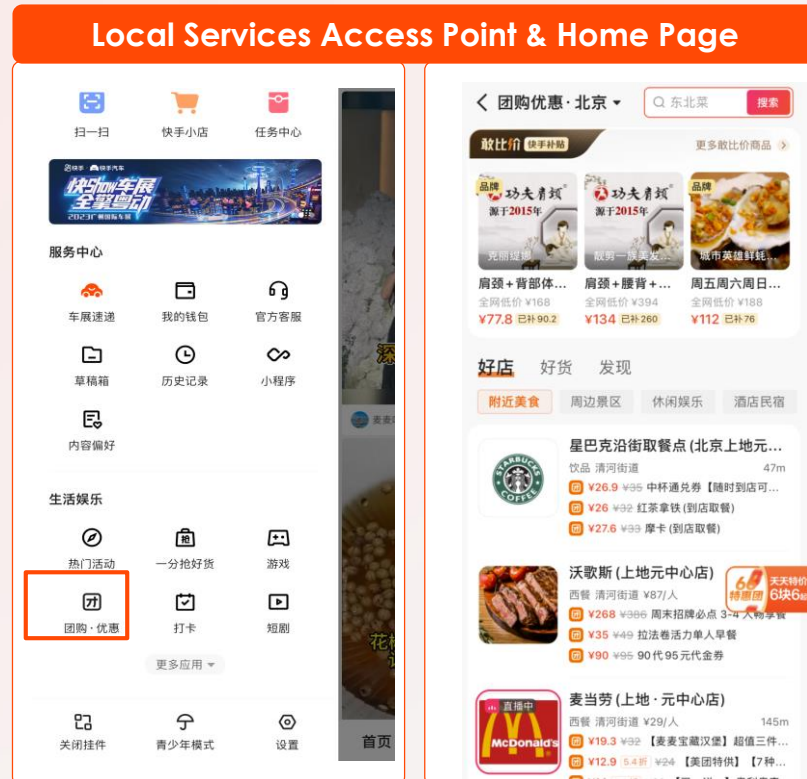


Overseas Localized Content Operations



2.7 Local Services: Maximized Value-for-Money, Rapid Growth in Supply and Demand

- Differentiated customer base empowered merchants to operate with lower costs and higher conversion rates. Leveraging top-quality KOL resources and efficient traffic allocation, crafted high-quality content, further enriched content creation ecosystem. In 2Q24, the number of active merchants grew by 22% QoQ, the average daily number of active merchandise grew by 33% QoQ.
- With precise recommendations and optimized operation capabilities, fostered user mindshare for maximizing value-for-money in local services, satisfying users' local consumption needs across diverse scenarios. 2Q24 average daily paying users of local services increased by 37% QoQ.



2.8 Fully Upgraded AI Matrix to Empower More Business Scenarios

- Milestone breakthroughs in AIGC: self-developed large video generation model, “Kling AI” launched full beta testing globally, text-to-image model “Kolors,” open-sourced.
- Focused on empowering businesses with large models: in 1H24, nearly 20,000 merchants utilized AI matrix to optimize operations, daily spending with AIGC marketing materials peaked at RMB20 million in 2Q24.

Kuaishou Self-developed AI Matrix

Content understanding

Content creation

Content distribution

Smart interactions

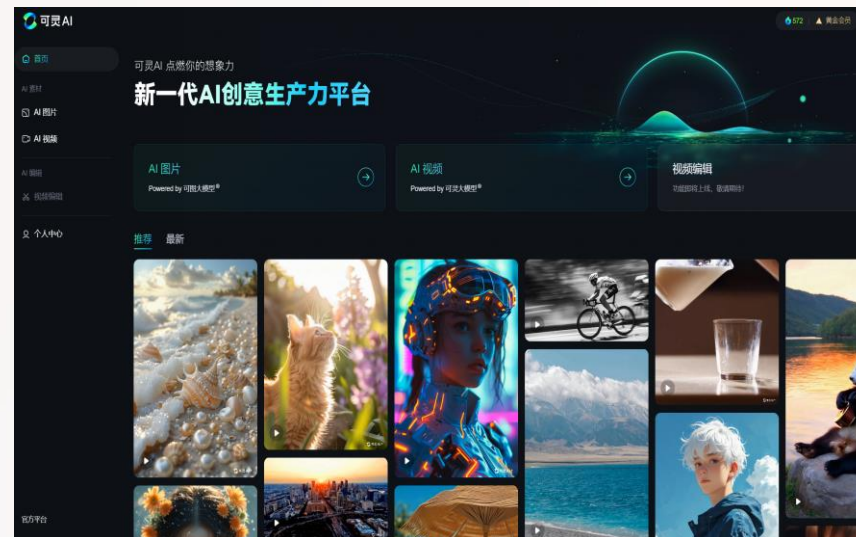
KwaiYii LLMs

Large Visual Generation Models

Recommendation Models

Infrastructure that Supports the Training and Inference of Large Models with Trillions of Parameters

Kling AI Product Interface





3. Financial Results

3.1 Financial Highlights



2Q24

GPM improved significantly YoY to 55.3%, adjusted NPM continued to increase and reached a historical high of 15.1%

Operating net cash inflow ~ RMB7.61 billion with total available funds increasing QoQ for 8 consecutive quarters

Domestic business operating profit reached RMB4.50 billion, profitability continues to improve

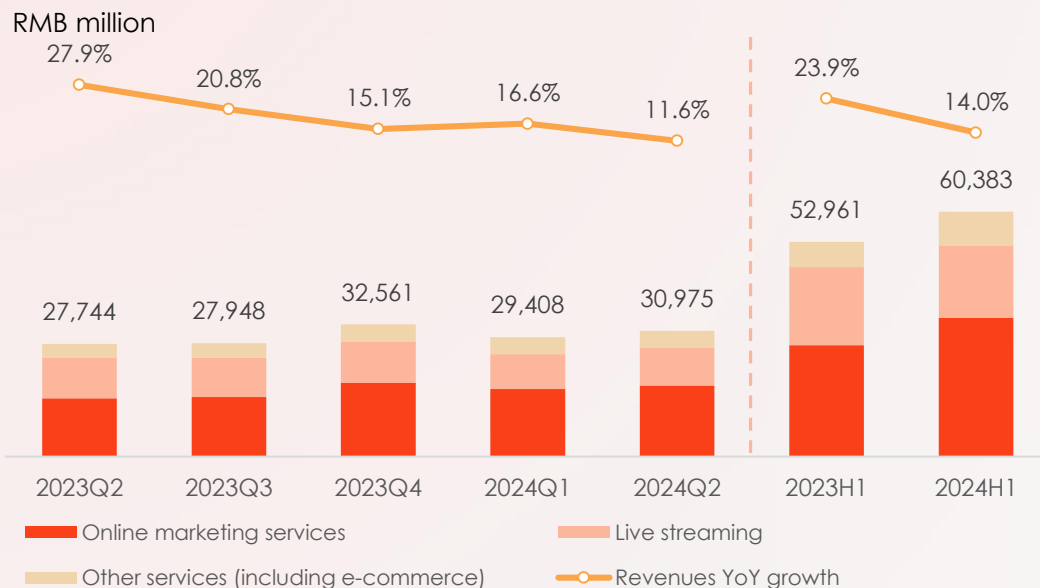
Overseas revenue increased by 141.4% YoY, operating net loss narrowed by 64.5% YoY



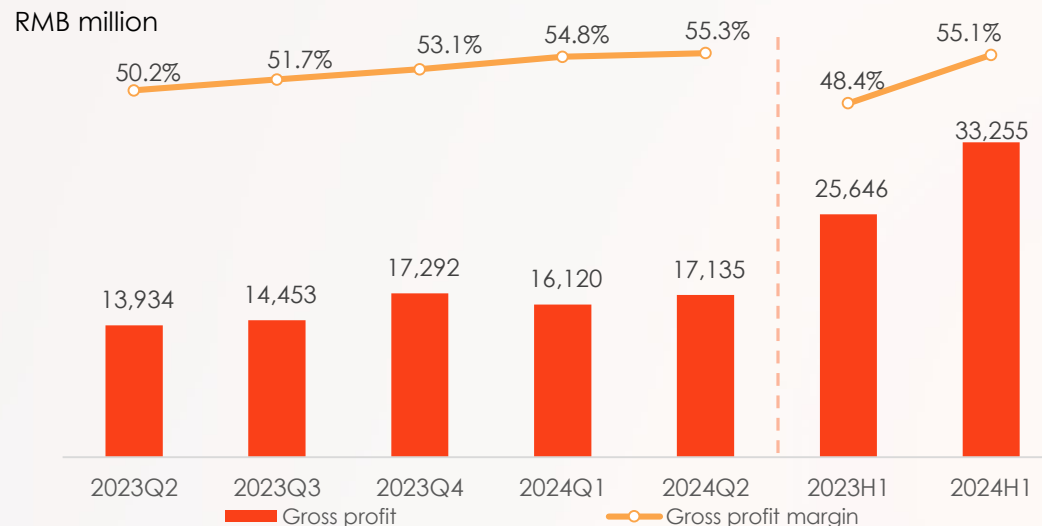
3.2 Steady Revenue Growth, Continuous GPM Improvement

- 2Q24 revenues grew by 11.6% YoY, including 56.5% from online marketing services, 30.0% from live streaming and 13.5% from other services (including e-commerce);
- In 2Q24, online marketing services revenue grew by 22.1% YoY, other services revenue grew by 21.3% YoY; live streaming revenue decreased by 6.7% YoY,
- Benefitting from robust revenue growth and effective cost control, drove growth of 5.1 ppts YoY in GPM to 55.3% in 2Q24, hitting a record quarterly high.

Revenues Breakdown and YoY Growth



GP and GPM

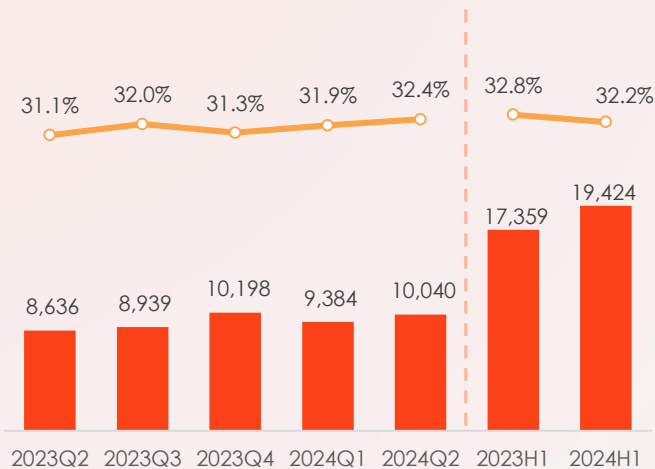


3.3 Driving Growth through Quality and Productivity Enhancements, Consistent Improvement in Operating Efficiency

- **S&M** as a percentage of revenue increased by 1.3 ppts YoY to 32.4%, primarily attributable to the increased promotional spending on e-commerce and other businesses;
- **R&D** expenses as a percentage of revenue decreased by 2.3 ppts YoY to 9.1%; **Administrative expenses** as a percentage of revenue decreased by 0.8 ppts YoY to 2.6%.

Selling and Marketing Expenses

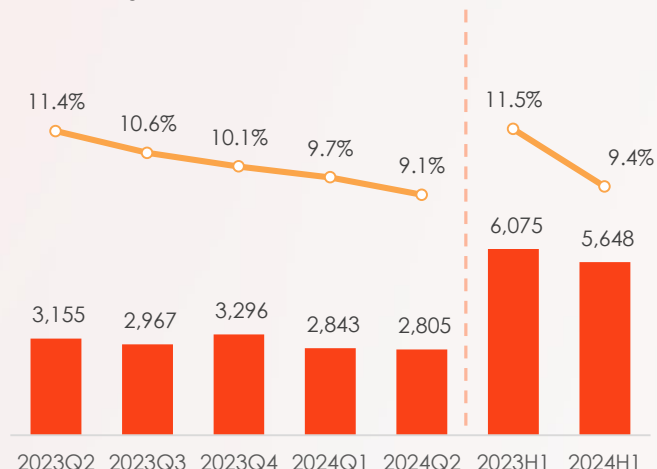
RMB million



■ Selling and marketing expenses
—○— Ratio of selling and marketing expenses to revenue

Research and Development Expenses

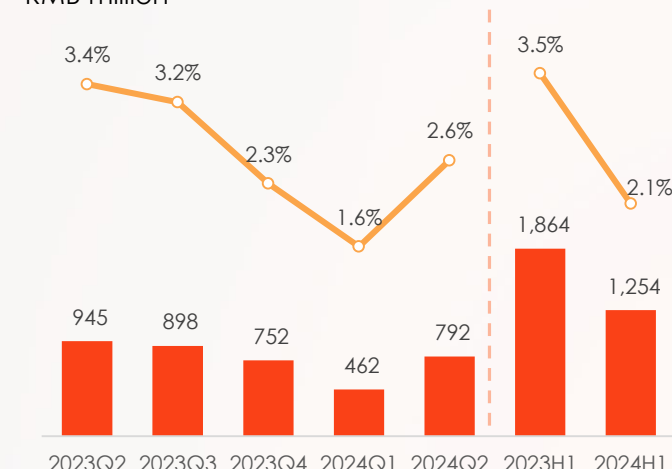
RMB million



■ Research and development expenses
—○— Ratio of research and development expenses to revenue

Administrative Expenses

RMB million



■ Administrative expenses
—○— Ratio of administrative expenses to revenue



3.4 Improved Profitability for Domestic Business, Significantly Narrowed Overseas Loss YoY

- 2Q24 **Domestic business** operating profit was RMB4.50 billion, profitability further improved YoY.
- 2Q24 **Overseas revenue** monetization efficiency continued to improve. Operating loss narrowed by 64.5% YoY.

RMB million

2023Q2	Domestic	Overseas	Unallocated items	Total
Revenues	27,297	447	-	27,744
Cost of revenues and operating expenses	(24,263)	(1,227)	-	(25,490)
Unallocated items ⁽¹⁾	-	-	(958)	(958)
Operating profit/(loss)	3,034	(780)	(958)	(1,296)
2024Q1	Domestic	Overseas	Unallocated items	Total
Revenues	28,417	991	-	29,408
Cost of revenues and operating expenses	(24,426)	(1,259)	-	(25,685)
Unallocated items	-	-	271	271
Operating profit/(loss)	3,991	(268)	271	3,994
2024Q2	Domestic	Overseas	Unallocated items	Total
Revenues	29,896	1,079	-	30,975
Cost of revenues and operating expenses	(25,398)	(1,356)	-	(26,754)
Unallocated items	-	-	(315)	(315)
Operating profit/(loss)	4,498	(277)	(315)	3,906



Note:

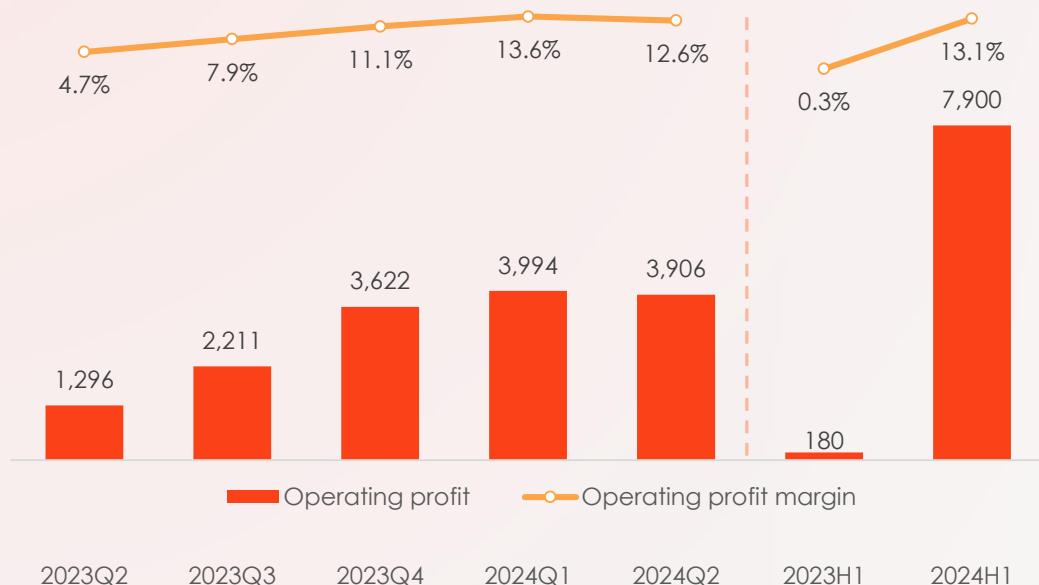
(1) Unallocated items include SBC, other income and other gains/(losses), net, comparable to industry practice

3.5 Continuous QoQ Growth in Group-Level Adjusted Net Profit, Hitting Record High

- The group's operating profit reached RMB3.91 billion at a margin of 12.6%, up by 7.9 ppts YoY.
- The group's adjusted net profit increased QoQ to RMB4.68 billion, with adjusted net profit margin hitting a record high of 15.1%.

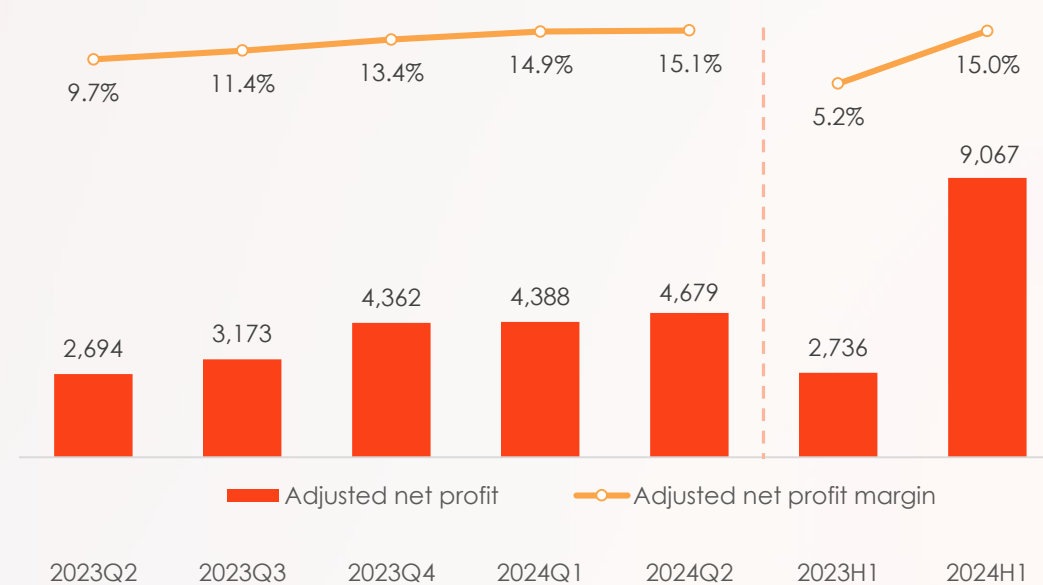
Operating Profit and Operating Profit Margin

RMB million



Adjusted Net Profit and Adjusted Net Profit Margin

RMB million





4. Environment, Social & Governance (ESG)

4.1 ESG Recognitions

Receives MSCI ESG rating of “BBB” in recognition of commitment to sustainability



Achieves 'B' rating in CDP Climate Change



Other accreditations, awards and recognitions



2023 Data Center Technology Achievement Award - **First Prize**
—Water and Power Control Energy Efficient Applied Technology



2023 IDC Industry Annual Green Solutions Awards

ISO Information management certifications covering 100% business lines



Information Security Management System



Privacy Information Management System



Cloud Solutions



Recognized as a 2023 LinkedIn “Global Talent Magnet Employer”



2023 GoldenKey –SDG Solutions **Champion** of Rural Vitalization



China **Top 100** ESG Pioneer Listed Companies



4.2 ESG Highlights (2023)



ENVIRONMENT

Protecting our planet and being a responsible environmental stewardship

- Kuaishou's Ulanqab data center used approx. **30,398 MWh** of green energy in 2023.
- Kuaishou's Ulanqab data center's **WUE** reaches **0.42** (much lower than industry average), and the lowest **PUE** is **1.196**.
- **2,997** electronic devices were repurchased by employees of Kuaishou through the "Used Electronic Device Repurchase" program in 2023.
- Conducted ESG assessment to evaluate suppliers' performance in 2023 across five aspects. **>80% of the suppliers** surveyed have either initially established or are gradually improving their ESG management capabilities.



SOCIAL

Support for the communities where our team members live and work

- External **independent third-party** to audit data security at least once every year.
- Internal annual compulsory data security awareness examination to assess the security awareness of **all** employees.
- **44.3%** of full-time employees of Kuaishou are females.
- Kuaishou donated **RMB 27.30 million** through our public welfare projects, and spent **35,566 hours** on public welfare projects.



GOVERNANCE

Operate with integrity and embrace fairness and diversity as our drivers for sustainable growth

- Kuaishou conducted anti-corruption related training for all its employees and directors (**including dispatched labor and interns**). A dedicated team (>15 personnel) internally for monitoring and investigating related issues.
- **11% (1/9)** female representation on our board.
- We utilize various techniques such as big data analysis and machine learning to comprehensively analyze **every fund flow** and user behavior within the platform to prevent money laundering.





5. Appendix

Income Statement

RMB million	2024Q2	% of revenue	2024Q1	% of revenue	2023Q2	% of revenue	YoY change	QoQ change
Revenues	30,975	100.0%	29,408	100.0%	27,744	100.0%	11.6%	5.3%
Cost of revenues	(13,840)	(44.7%)	(13,288)	(45.2%)	(13,810)	(49.8%)	0.2%	4.2%
Gross profit	17,135	55.3%	16,120	54.8%	13,934	50.2%	23.0%	6.3%
Selling and marketing expenses	(10,040)	(32.4%)	(9,384)	(31.9%)	(8,636)	(31.1%)	16.3%	7.0%
Administrative expenses	(792)	(2.6%)	(462)	(1.6%)	(945)	(3.4%)	(16.2%)	71.4%
Research and development expenses	(2,805)	(9.1%)	(2,843)	(9.7%)	(3,155)	(11.4%)	(11.1%)	(1.3%)
Other income	34	0.1%	118	0.4%	113	0.4%	69.9%	(71.2%)
Other gains, net	374	1.3%	445	1.6%	(15)	(0.0%)	N/A	16.0%
Operating profit	3,906	12.6%	3,994	13.6%	1,296	4.7%	201.4%	(2.2%)
Finance income, net	66	0.2%	114	0.4%	158	0.6%	(58.2%)	(42.1%)
Share of losses of investments accounted for using the equity method	(19)	(0.1%)	(3)	(0.0%)	(18)	(0.1%)	(5.6%)	(533.3%)
Profit before income tax	3,953	12.7%	4,105	14.0%	1,436	5.2%	175.3%	(3.7%)
Income tax benefits	27	0.1%	15	0.0%	45	0.1%	(40.0%)	80.0%
Profit for the period	3,980	12.8%	4,120	14.0%	1,481	5.3%	168.7%	(3.4%)
<u>Non-IFRS financial measures:</u>								
Adjusted net profit	4,679	15.1%	4,388	14.9%	2,694	9.7%	73.7%	6.6%
Adjusted EBITDA	6,344	20.5%	5,979	20.3%	4,316	15.6%	47.0%	6.1%

Adjusted Net Profit and Adjusted EBITDA

RMB million	2024Q2	2024Q1	2023Q2
Profit for the period	3,980	4,120	1,481
Add:			
SBC	723	292	1,056
Net fair value changes on investments	(24)	(24)	157
Adjusted net profit	4,679	4,388	2,694
<i>Adjusted net profit margin</i>	15.1%	14.9%	9.7%
Adjusted net profit	4,679	4,388	2,694
Add:			
Income tax benefits	(27)	(15)	(45)
Depreciation of property and equipment	997	977	978
Depreciation of right-of-use assets	735	716	808
Amortization of intangible assets	26	27	39
Finance income, net	(66)	(114)	(158)
Adjusted EBITDA	6,344	5,979	4,316
<i>Adjusted EBITDA margin</i>	20.5%	20.3%	15.6%

Balance Sheet

RMB million	June 30, 2024	December 31, 2023	RMB million	June 30, 2024	December 31, 2023
ASSETS			EQUITY AND LIABILITIES		
Non-current assets			Share capital		
Property and equipment	11,871	12,356	Share premium	0	0
Right-of-use assets	8,908	10,399	Treasury shares	271,804	273,459
Intangible assets	1,032	1,073	Other reserves	(284)	(88)
Investments accounted for using the equity method	179	214	Accumulated losses	34,298	33,183
Financial assets at fair value through profit or loss	13,695	5,245	Non-controlling interests	(249,393)	(257,491)
Deferred tax assets	5,854	6,108	Total equity	56,438	49,074
Long-term time deposits	13,580	9,765	LIABILITIES		
Other financial assets at amortized cost	143	283	Non-current liabilities		
Other non-current assets	536	492	Borrowings	4,500	0
Total non-current assets	55,798	45,935	Lease liabilities	6,985	8,405
Current assets			Deferred tax liabilities	16	18
Trade receivables	6,526	6,457	Other non-current liabilities	21	21
Prepayments, other receivables and other current assets	4,346	4,919	Total non-current liabilities	11,522	8,444
Financial assets at fair value through profit or loss	31,180	25,128	Current liabilities		
Short-term time deposits	9,578	9,874	Accounts payables	24,897	23,601
Other financial assets at amortized cost	845	950	Other payables and accruals	19,192	16,592
Restricted cash	89	128	Advances from customers	4,124	4,036
Cash and cash equivalents	11,437	12,905	Income tax liabilities	269	1,222
Total current assets	64,001	60,361	Lease liabilities	3,357	3,327
Total assets	119,799	106,296	Total current liabilities	51,839	48,778
			Total liabilities	63,361	57,222
			Total equity and liabilities	119,799	106,296





Thank you!

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