



3Q23 Management Presentation

November 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 **387 million average DAUs** and nearly 130 mins average daily time spent per DAU in Q3



Extensive content supply, **providing innovative interactive experience and a panoramic view of the Asian Games, while continuously producing blockbuster Project Astral short plays**



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



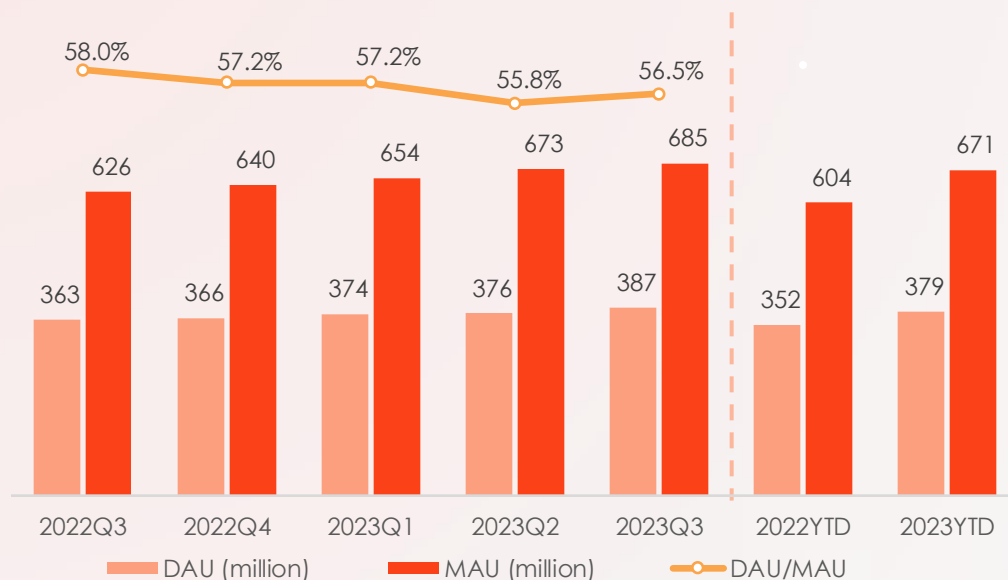
Continuously improved profitability with **a group-level quarterly net profit of RMB2.2 billion, while adjusted net profit increased QoQ to RMB3.2 billion**



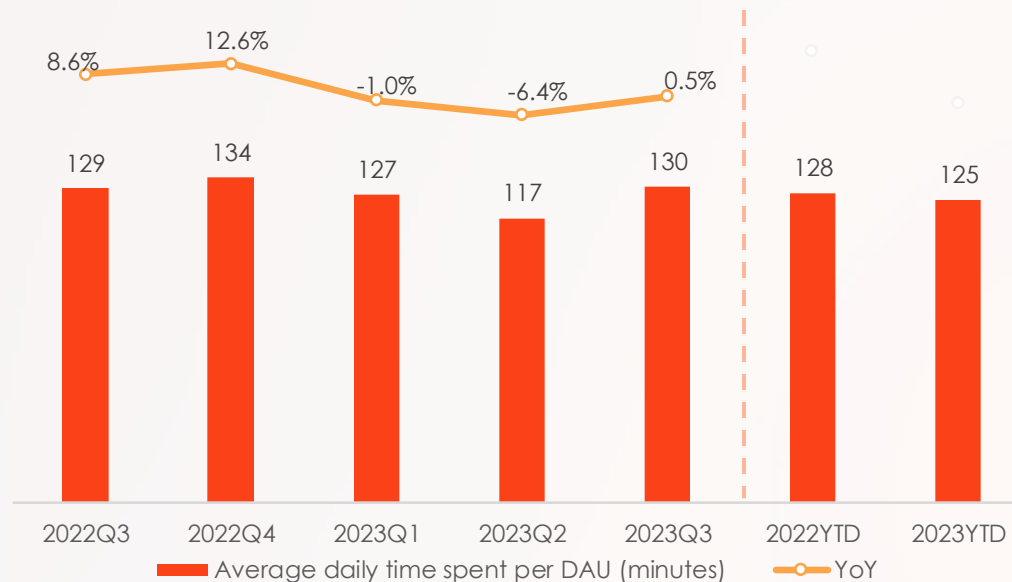
1.2 Setting a New Record in User Community Scale

- Continued to improve ROI by leveraging our efficient user growth strategy, high-quality content offerings and continuous algorithm optimization, and proactively explored new user acquisition channels
- In 3Q23, average DAUs were 387 million, up 6.4% YoY and 2.8% QoQ; average daily time spent per DAU was 129.9 minutes.
- Average MAUs were 685 million, achieving 600+ million average MAUs for 5 consecutive quarters and rising by 9.4% YoY and 1.7% QoQ.

DAU, MAU and DAU/MAU Ratio



Average Daily Time Spent Per DAU and YoY Growth

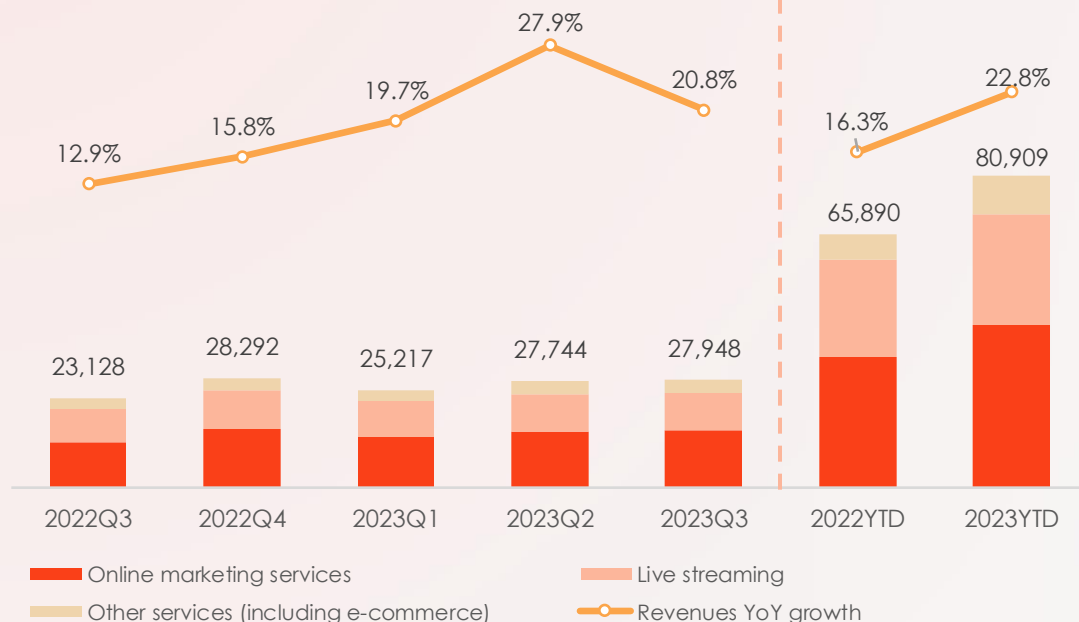


1.3 Tremendous Revenue Growth with Margin Expansion

- 3Q23 revenues grew by 20.8% YoY. Specifically, online marketing services revenue grew by 26.7% YoY, live streaming revenue grew by 8.6% YoY and other services revenue (including e-commerce) grew by 36.6% YoY.
- Domestic business achieved an operating profit for 6 consecutive quarters, primarily due to tremendous revenue growth and enhanced operating efficiency. Operating loss in overseas business narrowed significantly YoY.

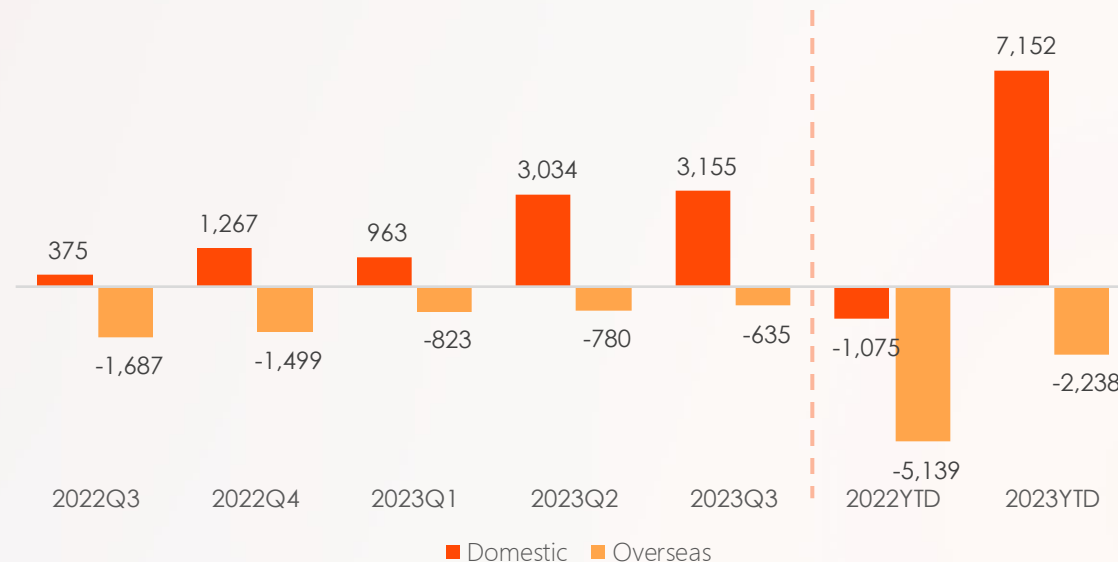
Revenues Breakdown and YoY Growth

RMB million



Operating Profit(loss) by Segment

RMB million





2. Business Development

2.1 Operating Highlights

Massive User Base



387 million
Average DAUs⁽¹⁾

Highly Engaged Community



129.9 minutes
Average daily time spent per
DAU⁽¹⁾

Interactive Platform



9+ billion
Average daily short video
interactions⁽¹⁾⁽³⁾



685 million
Average MAUs⁽¹⁾



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



32.2 billion
Pairs of mutual followers⁽²⁾

Notes:

1. Based on data for Kuaishou APP for the three months ended September 30, 2023.
2. Cumulative as of September 30, 2023.
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

- Promoted high-quality content featuring distinctive characteristics and enhanced quality across diverse content verticals, including short play and sports content. While solidifying the ability to produce blockbuster short plays, we have steadily upgraded monetization capabilities. During the Asian Games, provided users a panoramic view of the Asian Games with innovative interactive experiences and live streaming technology.
- Comprehensively upgraded AI search with the launch of the first intelligent question-and-answer product based on LLM in the short video and live streaming industry in China.

230m

average daily users watching Asian Games-related content⁽¹⁾

10 times+

QoQ increase of revenue from marketing sponsorship of Project Astral short plays⁽²⁾

470m+

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

700m+

peak number of average daily searches⁽²⁾



Notes:

1. During the 19th Asian Games Hangzhou.
2. For the three months ended September 30, 2023.

快手

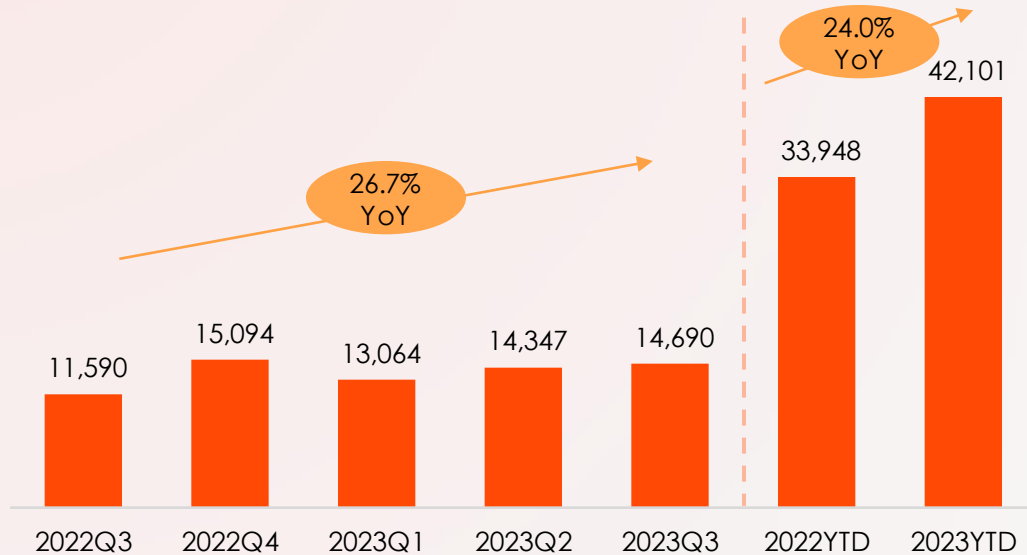
DEVELOPMENT 10

2.3 Outperforming Online Marketing Service with Improved Monetization Efficiency

- In 3Q23, **revenue from online marketing services reached 14.7 billion, up 26.7% YoY**, the number of active marketing customers increased by more than 140% YoY.
- Continued to upgrade commercial products, technology and algorithms developments, and deepen operations in various vertical industries.

Revenue from Online Marketing Services

RMB million



Key Highlights



Continuously growing marketing revenue from native e-commerce merchants by the scale up of e-commerce business: “Omni-platform Market Solution” effectively enhanced the synergy between commercial and e-commerce traffic with marketing customers' spending increasing by nearly five-fold QoQ; increased the stability of ad placements for small and medium-sized merchants with our upgraded smart hosting products



Continuous recovery of external marketing services: Focused on refining industry-specific operations, made substantial progress in industries such as media information, education and training, as well as healthcare; expanded the scope for native marketing materials to boost conversion rates



Exploring customized brand marketing strategies to align with marketing customers' individual needs: Created custom IPs tailored to diverse scenarios and utilized our advantages in traffic, content, and KOL ecosystem, creating additional marketing opportunities for marketing customers

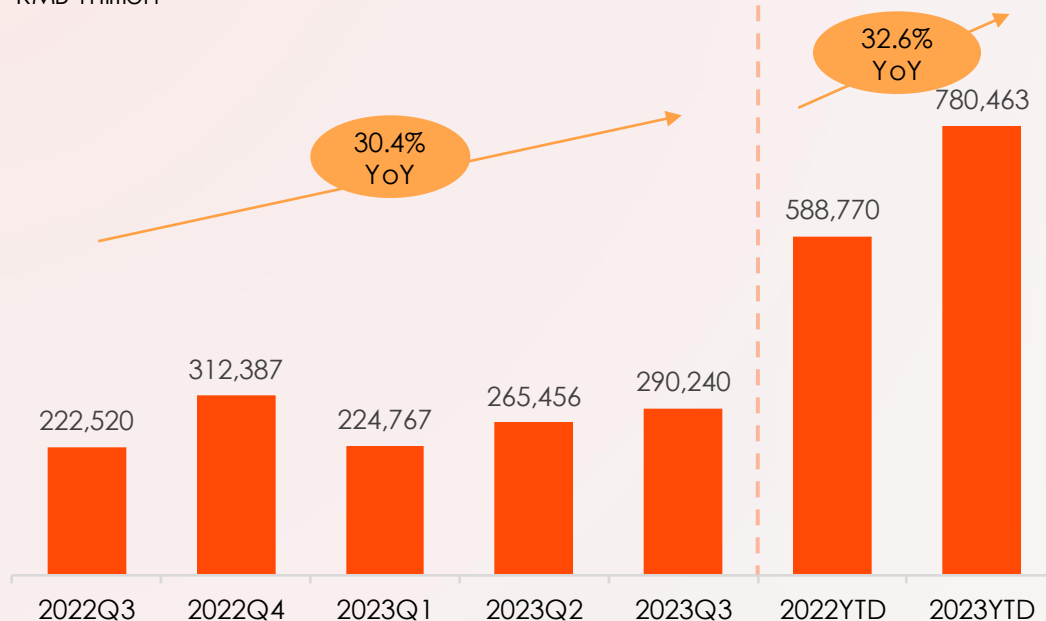


2.4 Robust E-commerce Growth with Ongoing Brands' Development

- 3Q23 **GMV increased by ~30% YoY to RMB290.2 billion, outpacing the industry**, demonstrating unique resilience and advantages against the headwind; trust-based e-commerce continued to promote business growth.
- Continued to enrich merchandise and enhanced buyer conversion efficiency through the refined operation; the number of monthly active paying users amounted to nearly 120 million, representing a continuous QoQ increase in absolute number and penetration rate; further improved repeat purchase intention with the frequency of monthly orders growing steadily.

GMV

RMB million



Key Highlights



Tiered operations for merchants and build the collaborative ecosystem for merchants and KOLs: Implemented a tiered and categorized approach to operate new merchants to provide resource and traffic support; regarding brands, focused on supply diversity and business environment; regarding KOLs, focused on the health of the ecosystem and supported growth and development paths of mid-tier and long-tail KOLs.



More mature and comprehensive e-commerce ecosystem: Scoring systems for merchandise, merchant experience, and KOL reputation played a crucial role in differentiating quality merchants; adopted an algorithmic hyper-model approach to improving the scale and efficiency of e-commerce traffic across the board



Strengthened short video and shelf-based realm: Improved the quality of short video e-commerce content and conversion efficiency through combining the live-streaming highlights and precise recommendations; expanded search scale with the peak DAUs with clear e-commerce intention passing 100 million; Expanded shopping-mall traffic, improved the paying ratio and user experience by leveraging differentiation strategy such as making merchandise information vivid and detailed.



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

Supply side

~50%

YoY increase of average monthly active merchants in 3Q23

Merchant development and support:

- Introduced high-potential merchants in 14 industry zones and helped them increase their business scale. The percentage of merchants with GMV leaping every tier from 50,000 to over 2 million increased significantly QoQ.

Brand e-commerce:

- Enriched brand offerings and provided full support from attracting brands, to cold starts, self-operation and distribution.
- Brands' **self-operated live streaming GMV increased by 100%+ YoY**, while brands GMV, including Kwai Brands, as a percentage of total **GMV increased YoY**.

KOL ecosystem:

- Expanded short video and shelf-based realms, lowered the operational barriers for KOLs, consistently strengthened distribution channels and improved merchandise selection efficiency.
- **Refined the operation of mid-tier and long-tail KOLs. Their proportion in the overall KOL GMV increased from 20%+ at the beginning of 2021 to nearly 50%.**

Demand side

~120m

Number of average monthly paying users in 3Q23

Enhanced users' experience:

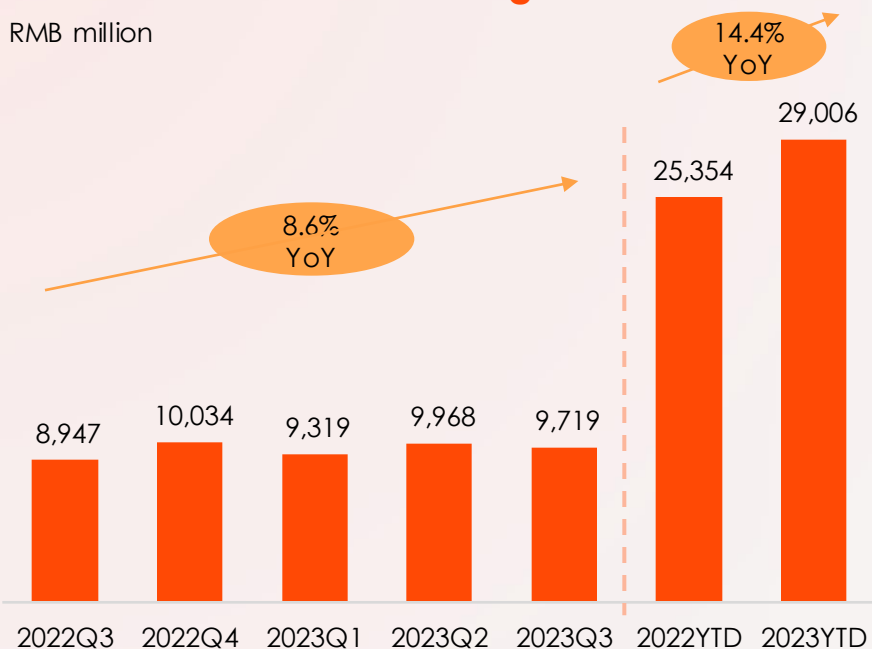
- Number of average monthly paying users reached nearly 120 million, with both the absolute number of shoppers and penetration rate increasing QoQ.
- The more refined subsidy and inventory strategy and diverse activities on the platform improved the conversion efficiency of paying users and repeat purchase intention.
- Leveraging the continuously optimized efficiency of smart subsidy, channel governance, and user empowerment projects, the quality of users especially new users, improved significantly, resulting in the steadily YoY growth of monthly buying frequency.

2.5 Live Streaming Maintained Healthy Momentum

- Live streaming revenue reached RMB9.7 billion in 3Q23, up 8.6% YoY, attributable to consistent improvements in high-quality live streaming offerings and continuous optimization of the live streaming ecosystem.
- Continued to explore and develop more innovative tools and experiences, apply AI technologies including virtual person live streaming, empowering underlying technical capabilities and enhancing user experience.

Revenue from Live Streaming

RMB million



Key Highlights



Established a regional talent agency operating system to drive new user acquisition for streamers and high-quality content supply for small- and medium-sized streamers; in Q3, the number of streamers managed by talent agencies grew by over 40% YoY, while average daily live-streaming time of streamers increased by nearly 30% YoY.



Firmly committed to building a long-term healthy and sustainable live-streaming ecosystem while continuously advancing popular content verticals including traditional culture and nurturing streamers; facilitated AIGC scenarios, including virtual person live streaming, and empowered the underlying technical capabilities.



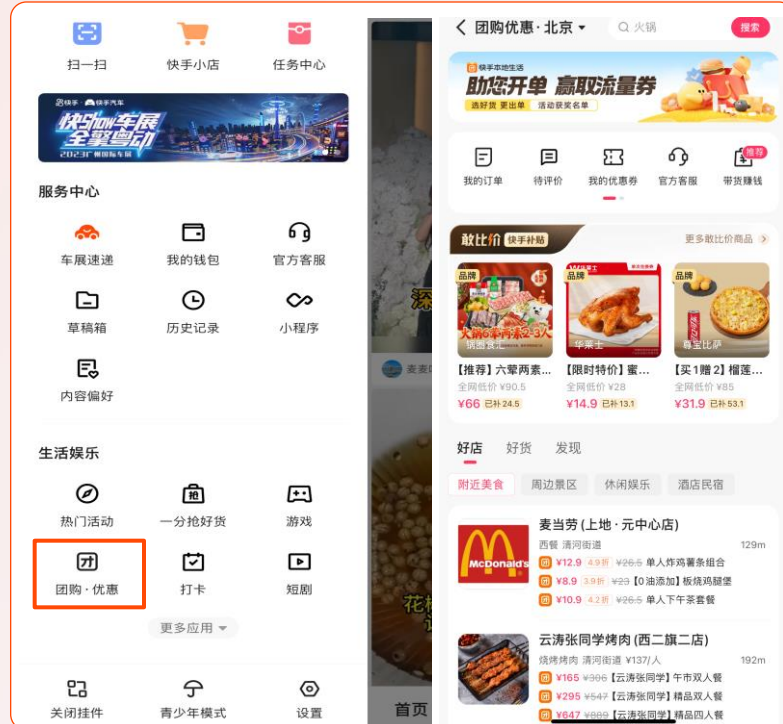
“Live streaming+” services empowered traditional industries and lowered the entry barrier for merchants by leveraging AIGC and smart customer service, with average daily resume submissions on Kwai Hire's (快聘) growing by over 200%+ YoY; Ideal Housing (理想家) reached 120+ cities nationwide, with cumulative GTV of RMB14+ billion.



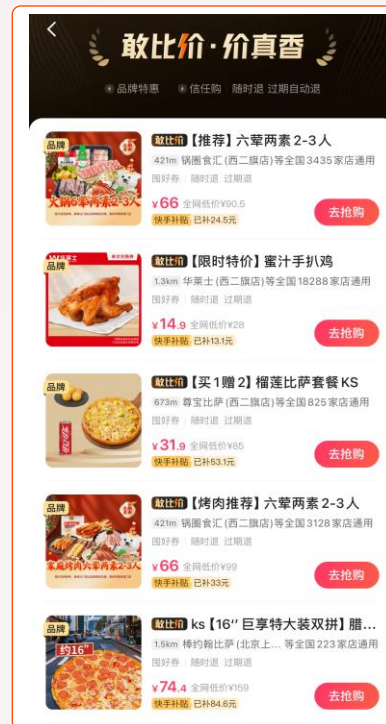
2.6 New Initiative with Rapid Growth: Local Services

- Extended the number of core cities to 16 cities, actively expanded into more specific categories of general in-store, hotels, and travel; created blockbuster cases, expanded KOL scale and continuously enhanced content quality, with daily average GMV increasing 5-fold in Q3 compared with Q1.
- Iterated the merchandise engine, enhanced efficiency and scale focusing on the cost-effectiveness; through more refined traffic and subsidy strategies, efficiently uncovered users' consumption needs; the peak number of average daily paying users in Q3 up nearly 260% compared with the first half of 2023.

Local Services Access Point & Home Page



Local Service Ganbijia & Flying Bird Project



2.7 AI LLM to Empower More Business Scenarios

- Self-developed LLMs, KwaiYii 13 billion and 66 billion models, have achieved leading positions in the industry at a comparable scale; also introduced the AI text-to-image LLM, “KeTu”;
- Accelerated the application of LLMs in various scenarios, for example, on the content consumption and interaction side, introduced the “AI Image for Comments” and the “AI Kwai” functions to enhance users' smart interaction experience; On the content production and supply side, Kuaishou's video editing app “Kuaiying” and the photography app “Yitian Camera” have been upgraded with multiple AIGC capabilities.

Content Consumption and Interaction



Content Production and Supply





3. Financial Results

3.1 Financial Highlights



3Q23

Positive adjusted net profit at the group level for 3 consecutive quarters, with adjusted NPM of 11.4%

Operating net cash inflow ~ RMB7.67 billion, achieving a new record high, with total available funds increasing QoQ for 5 consecutive quarters

Domestic business operating profit reaching RMB3.16 billion, profitability continues to improve

Overseas revenue increased 2.4 times YoY, operating net loss narrowed 62.4% YoY

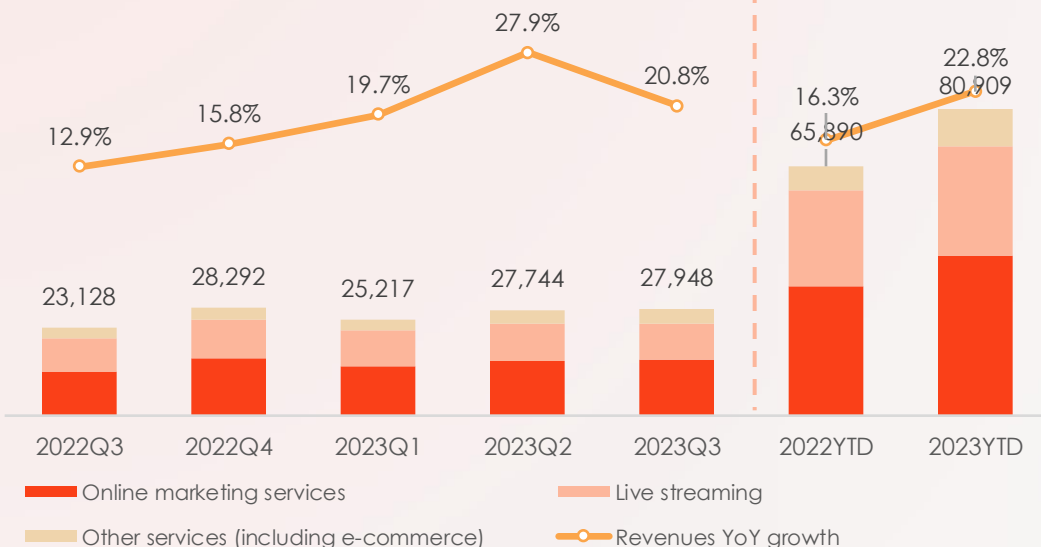


3.2 Steady Revenue Growth, Continuous GPM Improvement

- 3Q23 revenues grew by 20.8% YoY, including 52.6% from online marketing services, 34.8% from live streaming and 12.6% from other services (including e-commerce);
- In 3Q23, online marketing services revenue grew by 26.7% YoY, live streaming revenue grew by 8.6% YoY, other services revenue grew by 36.6% YoY;
- Benefitting from robust revenue growth and continuous improvements in operating efficiency, drove growth of 5.4 ppts YoY in GPM in 3Q23.

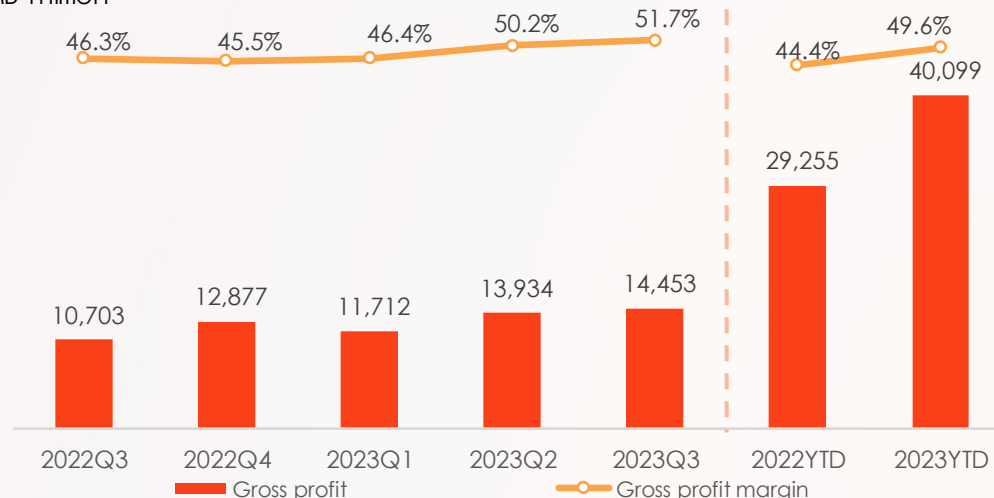
Revenues Breakdown and YoY Growth

RMB million



GP and GPM

RMB million

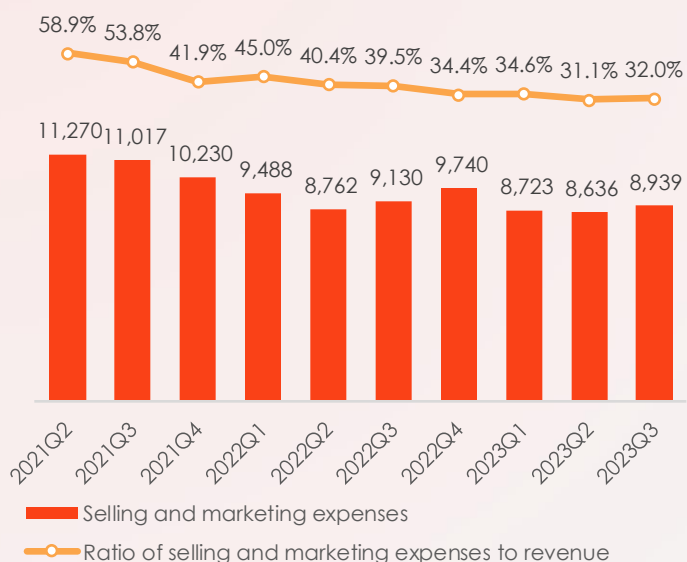


3.3 Significant Cost Reductions and Productivity Enhancements Led to Consistently Improving Operating Efficiency

- **S&M** as a percentage of revenue decreased by 7.5 pts YoY to 32.0%, mainly due to more efficient spending on user acquisition and retention;
- **R&D** expenses as a percentage of revenue decreased by 4.7 pts YoY to 10.6%; **Administrative expenses** as a percentage of revenue decreased by 1.4 pts to 3.2%.

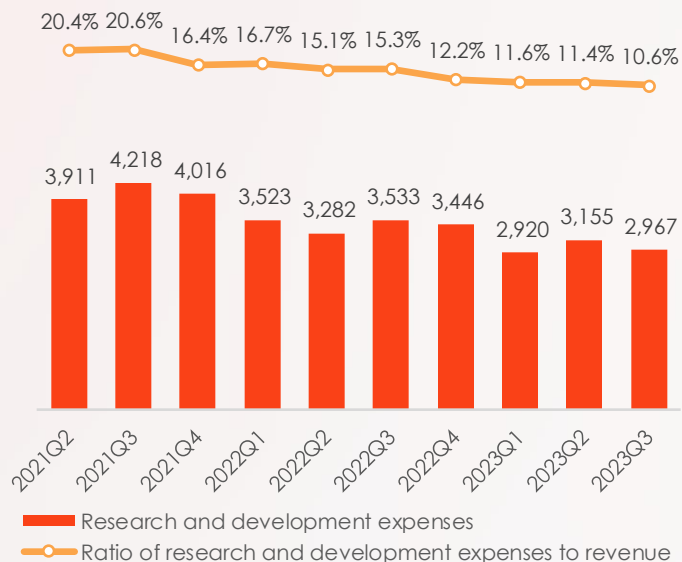
Selling and Marketing Expenses

RMB million



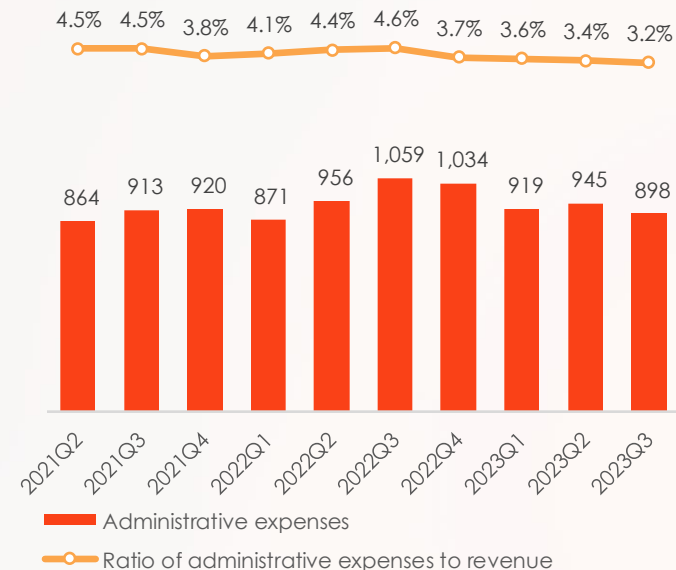
Research and Development Expenses

RMB million



Administrative Expenses

RMB million



3.4 Improved Profitability for Domestic Business and Continuously Narrowing Overseas Loss

- 3Q23 **Domestic business** operating profit was RMB3.16 billion, profitability significantly improved;
- 3Q23 **Overseas revenue** increased by 2 times thanks to strategic focus on core overseas markets, deepened monetization capabilities and enhanced operational efficiency. DAUs and user time spent in our core overseas markets continued to steadily grow YoY. Operating loss narrowed by 62.4% YoY and 18.6% QoQ.

RMB million

	Domestic	Overseas	Unallocated items	Total
2022Q3				
Revenues	22,939	189	-	23,128
Cost of revenues and operating expenses	(22,564)	(1,876)	-	(24,440)
Unallocated items ⁽¹⁾	-	-	(1,301)	(1,301)
Operating profit/(loss)	375	(1,687)	(1,301)	(2,613)
2023Q2				
Revenues	27,297	447	-	27,744
Cost of revenues and operating expenses	(24,263)	(1,227)	-	(25,490)
Unallocated items	-	-	(958)	(958)
Operating profit/(loss)	3,034	(780)	(958)	1,296
2023Q3				
Revenues	27,296	652	-	27,948
Cost of revenues and operating expenses	(24,141)	(1,287)	-	(25,428)
Unallocated items	-	-	(309)	(309)
Operating profit/(loss)	3,155	(635)	(309)	2,211



Note:

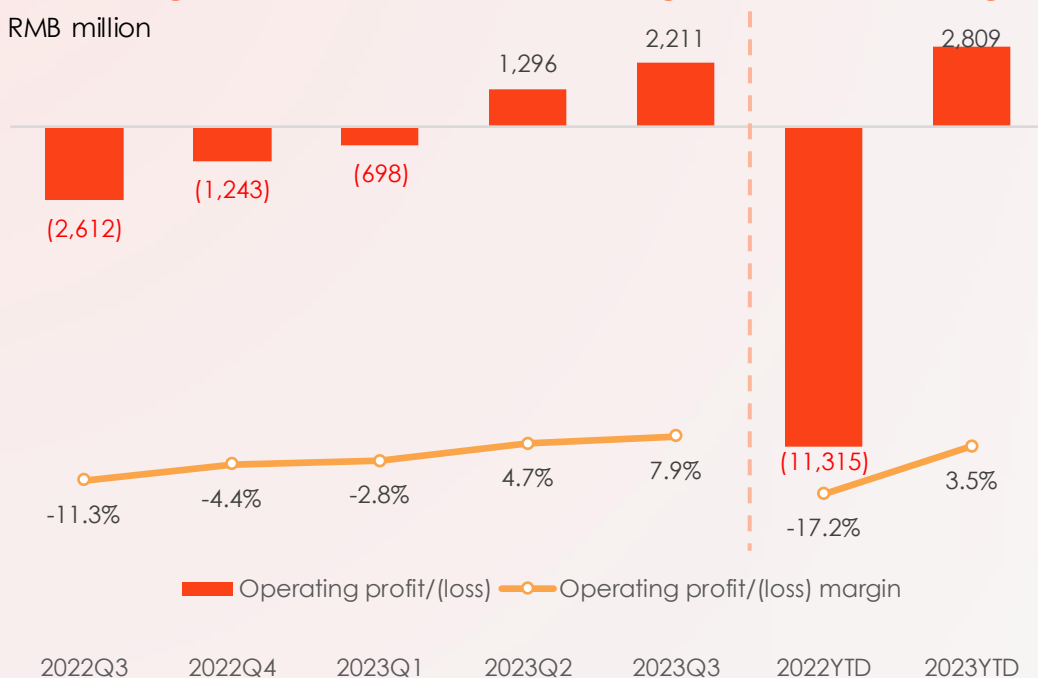
(1) Unallocated items include SBC, other income and other gains/(losses), net, comparable to industry practice

3.5 Continuous YoY & QoQ Growth in Group-Level Operating Profit and Adjusted Net profit

- Continuous improvement in group level operating profit and net profit, with operating profit reaching RMB2.21 billion at a margin of 7.9% and net profit reaching RMB2.18 billion at a margin of 7.8%.
- The group's adjusted net profit increased QoQ to RMB3.17 billion, with adjusted net profit margin of 11.4%.

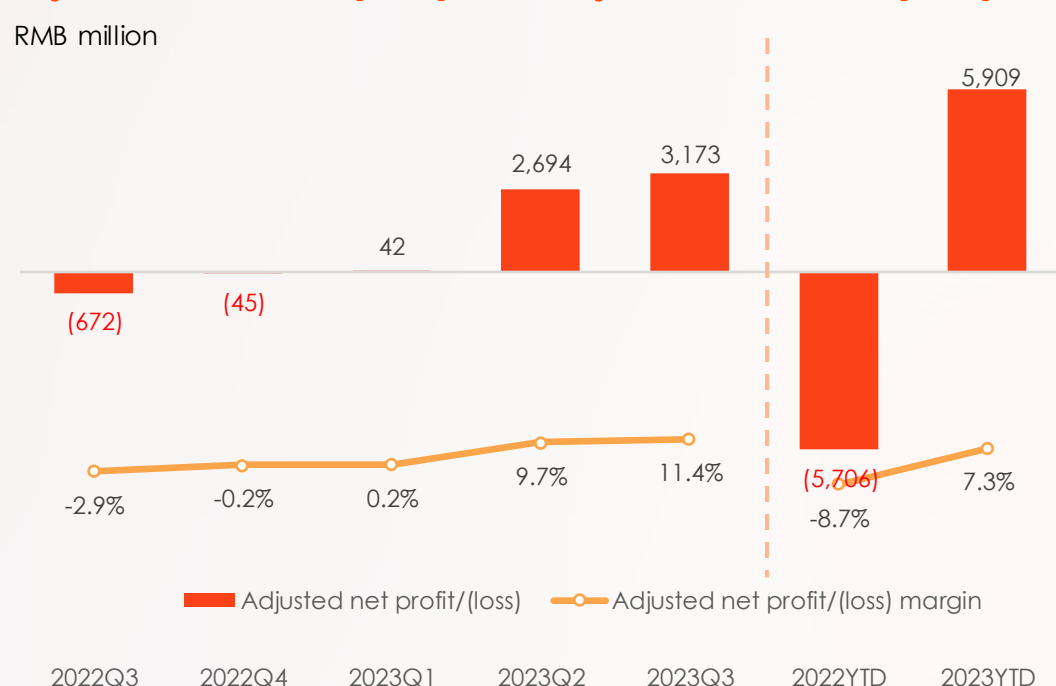
Operating Profit/(Loss) and Operating Profit/(Loss) Margin

RMB million



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

RMB million





4. Appendix

Income Statement

RMB million	2022Q3	% of revenue	2023Q2	% of revenue	2023Q3	% of revenue	YoY change	QoQ change
Revenues	23,128	100.0%	27,744	100.0%	27,948	100.0%	20.8%	0.7%
Cost of revenues	(12,425)	(53.7%)	(13,810)	(49.8%)	(13,495)	(48.3%)	8.6%	(2.3%)
Gross profit	10,703	46.3%	13,934	50.2%	14,453	51.7%	35.0%	3.7%
Selling and marketing expenses	(9,130)	(39.5%)	(8,636)	(31.1%)	(8,939)	(32.0%)	(2.1%)	3.5%
Administrative expenses	(1,060)	(4.6%)	(945)	(3.4%)	(898)	(3.2%)	(15.3%)	(5.0%)
Research and development expenses	(3,533)	(15.3%)	(3,155)	(11.4%)	(2,967)	(10.6%)	(16.0%)	(6.0%)
Other income	687	3.0%	113	0.4%	434	1.6%	(36.8%)	284.1%
Other gains/(losses), net	(280)	(1.2%)	(15)	0.0%	128	0.4%	N/A	N/A
Operating profit/(loss)	(2,613)	(11.3%)	1,296	4.7%	2,211	7.9%	N/A	70.6%
Finance income, net	69	0.3%	158	0.6%	135	0.5%	95.7%	(14.6%)
Share of losses of investments accounted for using the equity method	(31)	(0.1%)	(18)	(0.1%)	(26)	(0.1%)	(16.1%)	44.4%
Profit/(loss) before income tax	(2,575)	(11.1%)	1,436	5.2%	2,320	8.3%	N/A	61.6%
Income tax (expenses)/benefits	(137)	(0.6%)	45	0.1%	(138)	(0.5%)	0.7%	N/A
Profit/(loss) for the period	(2,712)	(11.7%)	1,481	5.3%	2,182	7.8%	N/A	47.3%
<u>Non-IFRS financial measures:</u>								
Adjusted net profit/(loss)	(672)	(2.9%)	2,694	9.7%	3,173	11.4%	N/A	17.8%
Adjusted EBITDA	1,023	4.4%	4,316	15.6%	4,980	17.8%	386.8%	15.4%



Adjusted Net Profit/(Loss) and Adjusted EBITDA

RMB million	2022Q3	2023Q2	2023Q3
Profit/(loss) for the period	(2,712)	1,481	2,182
Add:			
SBC	1,708	1,056	871
Net fair value changes on investments	332	157	120
Adjusted net profit/(loss)	(672)	2,694	3,173
Adjusted net profit/(loss) margin	(2.9%)	9.7%	11.4%
Adjusted net profit/(loss)	(672)	2,694	3,173
Add:			
Income tax (benefits)/expenses	137	(45)	138
Depreciation of property and equipment	810	978	1,029
Depreciation of right-of-use assets	780	808	737
Amortization of intangible assets	37	39	38
Finance income, net	(69)	(158)	(135)
Adjusted EBITDA	1,023	4,316	4,980
Adjusted EBITDA margin	4.4%	15.6%	17.8%

Balance Sheet

RMB million	September 30, 2023	December 31, 2022
ASSETS		
Non-current assets		
Property and equipment	12,115	13,215
Right-of-use assets	10,112	10,806
Intangible assets	1,095	1,123
Investments accounted for using the equity method	239	268
Financial assets at fair value through profit or loss	5,929	3,626
Deferred tax assets	5,647	5,095
Long-term time deposits	8,868	7,870
Other financial assets at amortized cost	592	670
Other non-current assets	402	776
Total non-current assets	44,999	43,449
Current assets		
Trade receivables	5,687	6,288
Prepayments, other receivables and other current assets	4,433	4,106
Financial assets at fair value through profit or loss	20,294	13,087
Short-term time deposits	10,320	8,318
Other financial assets at amortized cost	826	726
Restricted cash	90	59
Cash and cash equivalents	11,272	13,274
Total current assets	52,922	45,858
Total assets	97,921	89,307

RMB million	September 30, 2023	December 31, 2022
EQUITY AND LIABILITIES		
Share capital	0	0
Share premium	274,206	274,473
Treasury shares	(45)	-
Other reserves	32,797	29,239
Accumulated losses	(261,094)	(263,882)
Non-controlling interests	7	8
Total equity	45,871	39,838
LIABILITIES		
Non-current liabilities		
Lease liabilities	8,184	8,721
Deferred tax liabilities	19	23
Other non-current liabilities	9	16
Total non-current liabilities	8,212	8,760
Current liabilities		
Accounts payables	20,263	22,868
Other payables and accruals	15,602	10,190
Advances from customers	3,975	3,240
Income tax liabilities	741	936
Lease liabilities	3,257	3,475
Total current liabilities	43,838	40,709
Total liabilities	52,050	49,469
Total equity and liabilities	97,921	89,307





Thank you!

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