Kuaishou Technology Announces Fourth Quarter and Full Year 2020 Financial Results

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HONG KONG, March 23, 2021 /PRNewswire/ -- Kuaishou Technology (HK:1024) (the "Company" or "Kuaishou"), a leading content community and social platform, today announced the unaudited consolidated results for the fourth quarter of 2020 ("4Q2020") and audited consolidated results of the Company for the year ended December 31, 2020 ("FY2020").

Fourth Quarter 2020 Key Financial and Operating Highlights

- **Average DAUs[(1)]** was 271.3 million, representing an increase of 31.4% from 206.4 million for the same period of 2019.
- **Average MAUs[(1)]** was 475.7 million, representing an increase of 23.0% from 386.7 million for the same period of 2019.
- **Average daily time spent per DAU[(1)]** was 89.9 minutes, representing an increase of 18.3% from 76.0 minutes for the same period of 2019.
- **Average online marketing services revenue per DAU[(1)]** was RMB31.4, representing an increase of 105.2% from RMB15.3 for the same period of 2019.
- **Total GMV of e-commerce transactions facilitated on our platform[(2)]** was RMB177.1 billion, representing an increase of 313.7% from RMB42.8 billion for the same period of 2019.
- **Total revenues** increased by 52.7% to RMB18.1 billion from RMB11.9 billion for the same period of 2019. As a percentage of the total revenue, online marketing services contributed 47.0%, while live streaming contributed 43.6%. The remaining 9.4% came from other services. This is the first time that online marketing services became the largest contributor to the total revenue.
- **Gross profit** increased by 83.5% to RMB8.5 billion from RMB4.6 billion for the same period of 2019. Gross profit margin for 4Q2020 increased to 47.0% from 39.1% in the fourth quarter of 2019.

Full Year 2020 Key Financial and Operating Highlights

- **Average DAUs[(1)]** was 264.6 million, representing an increase of 50.7% from 175.6 million in 2019.
- **Average MAUs[(1)]** was 481.1million, representing an increase of 45.6% from 330.4 million in 2019.
- **Average daily time spent per DAU[(1)]** was 87.3 minutes, representing an increase of 17.0% from 74.6 minutes in 2019.
- **Average online marketing services revenue per DAU[(1)]** was RMB82.6, representing an increase of 95.3% from RMB42.3 in 2019.
- **Total GMV of e-commerce transactions facilitated on our platform[(2)]** was RMB381.2 billion, representing a fivefold increase from RMB59.6 billion in 2019.
- **Total revenues** increased by 50.2% to RMB58.8 billion from RMB39.1 billion in 2019. As a percentage of the revenue, online marketing services contributed 37.2%, while live streaming contributed 56.5% and the remaining 6.3% came from other services.
- **Gross profit** increased by 68.9% to RMB23.8 billion from RMB14.1billion in 2019. Gross profit margin increased to 40.5% from 36.1% in 2019.
- **Net cash generated from operating activities** was RMB2.3 billion for year 2020. **Cash and cash equivalents, short-term time deposits and restricted cash** were RMB23.1 billion as of December 31, 2020, compared to RMB5.3 billion as of December 31, 2019.

Mr. Su Hua, Co-Founder, Chairman and CEO of Kuaishou, said, "As a leading content community and social platform, we provided people with a vast world of content that expands their interests and horizons during the memorable 2020. At the same time, we played a role in driving digitization and contributing to overall economic recovery. By enriching our content, product and service offerings, we were able to better serve our users and customers. Our increasingly engaged users and the numerous interactions they generated led to significant network effect and valuable business activities within our vibrant ecosystem. As a result, we have seen substantial increase of our user base and user engagement, as well as a robust growth of our monetization capabilities. We will continue forging ahead to create value for our users and customers through our deep and diverse content offerings, effective service solutions and AI-powered technologies to help people discover their needs and use their talents to improve their lives and their unique brand of happiness."

Notes:

(1): Key operating data are those on Kuaishou App for the periods indicated
(2): Placed on or directed to our partners through our platform

Company Business Highlights

Online marketing services

Online video-based advertising is a promising market and online marketing service is one of the key strategic businesses for our long-term growth. Our

massive and highly engaged user community makes our platform increasingly attractive to advertisers.

In 2020, we launched an integrated advertising platform, further solidifying the foundation of our online marketing services. Our strong user engagement and advanced technologies empowered us to achieve precise understanding of our users, and sophisticated advertising content development and distribution, which led to improved advertising efficiency and effectiveness. We introduced an increasing number of powerful and intuitive tools and services to empower advertisers, allowing them to more precisely reach and engage with their target customers. Furthermore, we expanded our sales team and channel coverage, as well as giving greater emphasis to a more diverse set of advertising formats, such as branding advertisement and advertising union, in addition to short video feeds advertisement. In order to optimize our user experience, we also reinforced our cooperation with advertisers and content creators to deliver unique and customized ad content. At the same time, through refined algorithms and enriched ad materials, the ad content became less disruptive to our users.

As a result, we enjoyed robust growth in online marketing services. Revenue from online marketing services in 2020 increased by 194.6% to RMB21.9 billion, from RMB7.4 billion in 2019. Our average online marketing services revenue per DAU in 2020 increased by 95.3% to RMB82.6 from RMB42.3 in 2019. In the fourth quarter of 2020, online marketing services became the largest contributor to our total revenue, as a percentage of revenue, it surpassed the contribution of live streaming business for the first time.

Live streaming

We believe that people's needs will be increasingly met online and that live streaming provides an ideal format and an infrastructure through which those needs can be met, due to its highly social, interactive, and immersive nature. As our scale continues to grow, together with the stronger network effect, our live streaming business nurtures our ecosystem and serves more than just a revenue contributor, but a vibrant and solid foundation from which more social interactions and new valuable businesses are derived, such as e-commerce live streaming.

In 2020, we further expanded our abundant and diverse live streaming content with more premium content, such as game events and sports events live streaming, as well as through cooperation with more high-quality content creators. We also devoted ourselves to developing more interactive features and events to enhance our live streaming experience. These efforts have been effective in increasing live streaming user engagement. In 2020, over 1.7 billion live streaming sessions were hosted on Kuaishou App. For the year ended December 31, 2020, revenue from live streaming increased by 5.6% to RMB33.2 billion from RMB31.4 billion in 2019. More importantly, as a result of our diverse content offering, highly interactive features as well as unique and strong social trust, the user community was even more engaged on our platform, which was demonstrated by the increase in average MPUs for live streaming. For the full year 2020, our average MPUs for live streaming increased by 17.8% to 57.6 million from 48.9 million in 2019, while our monthly ARPPU for live streaming was RMB48.0, which was RMB53.6 in 2019. For the fourth quarter of 2020, our average MPUs for live streaming was 50.8 million, increased from 50.2 million in the same period of 2019. Our monthly ARPPU for live streaming in the fourth quarter was RMB51.8, which was RMB56.6 in the same period of 2019.

Other services including e-commerce

Other services, which primarily comprise e-commerce services, also achieved rapid growth in 2020. The highly engaged user base and strong social trust on our platform gave rise to natural opportunities for transactions between users and our business partners.

In 2020, we continued to support the improvement of our ecosystem, as well as to provide more products and services to address our users' needs, thereby further enhancing the trust and encouraging interactions among users, merchants and our platform. First, we invested in e-commerce infrastructure to facilitate transactions on our platform by providing various tools to help merchants manage their stores on our platform. Second, we incentivized high-quality merchants, as well as supported middle and long-tail merchants by providing training to help them improve their service capabilities and quality. Third, we were dedicated to strengthening platform governance, especially quality control and merchants supervision. We are pleased to see that the overall customer purchasing experience and satisfaction were further optimized.

By doing these, we attracted a greater number of superior merchants and expanded the product categories and offerings on our platform. As a result, the total GMV of e-commerce transactions facilitated on our platform increased significantly from RMB59.6 billion in 2019 to RMB381.2 billion in 2020. The average repeat purchase rate increased further to 65% in 2020 from 45% in 2019.

Business Outlook

In 2021, we will continue to serve our users and customers, create value for them, and solidify our leading position in the global short video and live streaming industry.

In this promising industry, we will continue to reinforce and invest in our ecosystem by continuing enriching and improving the quality and diversity of our content offerings to attract and retain a broad user base; improving the experience of our users and business partners through enhanced functionalities, products and services to fulfill evolving user needs; expanding user reach through precise marketing and promotional activities; as well as strengthening our user-centric commercialization capabilities by further enhancing technological capabilities and developing more monetization opportunities. We believe platforms with stronger social attributes and interactions will enjoy stronger network effects and lay a solid foundation for long-term development.

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 our 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 realised in 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.

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