Kuaishou Technology Announces Third Quarter 2021 Financial Results

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HONG KONG, Nov. 23, 2021 /PRNewswire/ -- Kuaishou Technology (HK:1024) (the "Company" or "Kuaishou"), a leading content community and social platform, today announced its unaudited consolidated results for the three months and nine months ("Third Quarter") ended September 30, 2021.

Third Quarter 2021 Key Financial and Operating Highlights

- **Average DAUs on Kuaishou APP** were 320.4 million, representing an increase of 17.9% from 271.7 million for the same period of 2020.
- **Average MAUs on Kuaishou APP** were 572.9 million, representing an increase of 19.5% from 479.4 million for the same period of 2020.
- **Average daily time spent per DAU[(1)]** was 119.1 minutes, representing an increase of 35.0% from 88.2 minutes for the same period of 2020.
- **Average online marketing services revenue per DAU[(1)]** was RMB34.0, representing an increase of 49.8% from RMB22.7 for the same period of 2020.
- **Total GMV of e-commerce transactions facilitated on our platform[(2)]** was RMB175.8 billion, representing an increase of 86.1% from RMB94.5 billion for the same period of 2020.
- **Total revenue** increased by 33.4% to RMB20.5 billion from RMB15.4 billion for the same period of 2020. Amongst total revenues, online marketing services increased by 76.5% to RMB10.9 billion from RMB6.2 billion for the same period of 2020. As a percentage of the total revenue, online marketing services contributed 53.2%, while live streaming contributed 37.7%. The remaining 9.1% came from other services.

Mr. Cheng Yixiao, Co-founder, CEO and CPO of Kuaishou said, "We achieved encouraging results across our businesses in the third quarter of 2021. The average MAUs, DAUs and average daily time spent per DAU on Kuaishou App all reached new record highs. We further strengthened our monetization capabilities during the quarter by building upon the ongoing increase in our public and private domain traffic. Beyond our own business development focus, we also leveraged our advantages and resources to fulfil our corporate social responsibilities. We actively support the development of China's new digital infrastructure and help drive the continuous improvement of digital services infrastructure in rural areas. Going forward, we will continue to contribute to industry-wide technological innovation and the overall development of our society, advancing our mission to help people find 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

BUSINESS REVIEW AND OUTLOOK

We achieved strong user growth in the third quarter of 2021 with average DAUs, average MAUs and average daily time spent per DAU on Kuaishou App all hitting record highs, as the changes in June to realign our user and product teams and facilitate full-cycle user management started to take effect and our enriched content, products and services continued to optimize user experience. These changes, coupled with our continuous efforts to unlock our monetization potential and to empower content creators, advertisers as well as merchants, drove our total revenues to reach RMB20.5 billion in the third quarter of 2021, representing a year-over-year increase of 33.4%.

Encouraged by the promising results of our June realignment, we initiated a major organizational restructuring, which was completed by the end of September. This broader restructuring effectively transformed our business from a function-based system to a business unit-based one aimed at strengthening the closed-loop system of different business streams and improving efficiency. The organizational upgrade allows us to distribute and mobilize resources more effectively, and ultimately improves our overall organizational capabilities and efficiency.

Ecosystem

In the third quarter of 2021, average DAUs and average MAUs on the Kuaishou App reached 320.4 million and 572.9 million, respectively, each increasing by 17.9% and 19.5% year-over-year, accelerated from 11.9% and 6.7%, respectively, for the second quarter of 2021. These increases were driven by the improved user acquisition efficiency and retention rate. The growing user engagement and activeness also benefited from our constant efforts to deepen and broaden our content, product and service offerings, as well as to refine our industry-leading technology for more efficient and personalized content recommendation. Moreover, the continuous diversification of use case scenarios has further deepened user participation in our ecosystem. Driven by these efforts, the average daily time spent per DAU on the Kuaishou App increased by 35.0% year-over-year, to nearly 120 minutes in the third quarter of 2021.

With respect to content, through continuous improvement in supply and building unique flagship content verticals, we strived to satisfy more diverse and evolving needs of our users. Our industry-leading ***Kuaishou Playlet (快手短剧)*** has attracted a growing number of creators to produce more premium short plays, which encouraged continuous content consumption and strengthened user stickiness. In the third quarter of 2021, more than 850 short plays had been viewed more than 100 million times, each on a cumulative basis, and DAUs of short plays reached 230 million on Kuaishou App, accounting for an expanding proportion of total video views and time spent on our platform.

Sports is another content vertical in which we excel. We combined news, sports events broadcasting and interactive user activities together as a new trial for sports content operation, which has enabled interaction and time spent on sports vertical to extend beyond the event itself. Also, with more than 40 covered sports categories and diverse consumption scenarios, total user time spent on sports content in the third quarter of 2021 was more than 1.5 times higher than the same period of last year. In particular, as the short video and broadcasting partner in China for the Tokyo 2020 Summer

Olympics, we implemented successful content operations and drove the Olympics-related video views to an aggregate of 73 billion times, with a total of 6 billion interactions on Kuaishou App by August 2021.

Another hallmark of our platform is social trust. We continued to build and reinforce our trust-based social network, which is one of our core value propositions and key differentiators. The number of pairs of mutual followers on the Kuaishou App reached over 14 billion on a cumulative basis by the end of the third quarter of 2021, increasing by 59% year-over-year. We have been placing emphasis on building mutual following relationship and conversion in single column feeds, helping users, particularly the new ones, to establish social mentalities and social stickiness.

Online marketing services

We achieved strong online marketing services growth in the third quarter of 2021, with revenue reaching RMB10.9 billion in the third quarter of 2021, up 76.5% year-over-year, primarily due to the powerful traffic growth, and the growing number of advertisers, as we continued to accumulate more insights and iterate our ad platform to improve targeting accuracy and advertiser experience.

During the third quarter of 2021, our average daily traffic, represented by average DAUs multiplied by average daily time spent per DAU. increased by nearly 60% year-over-year on Kuaishou App. To optimize user experience, we have created more native advertising content and materials. Driven by increased market recognition by more advertisers and our expanded sales coverage as well as enhanced service capabilities, the number of active advertisers on our platform in the third quarter of 2021 continued to grow steadily year- over-year and quarter-over-quarter.

Brand advertisement remains one of our strategic priorities. Attracted by the massive user reach and premium content on our platform such as the Tokyo 2020 Summer Olympics, industry leaders in fast-moving consumer goods, automobiles, e-commerce, beauty and cosmetics, household appliances and sportswear carried out special marketing campaigns on our platform in the third quarter of 2021, gaining all-around winning results in their brand recognition, popularity and sales conversion. We have also been making progress in improving the professionalism of our direct sales team, especially our key account team, to empower advertisers with more professional and timelier services. Boosted by these efforts, brand advertisers on our platform recorded a high double-digit growth year-over-year in the third quarter of 2021.

Live Streaming

As one of the pillars of our platform and the highly engaged user community, our live streaming ecosystem continues to prosper with revenue reaching RMB7.7 billion in the third quarter of 2021, improving with a 7.4% quarter-over-quarter growth. In particular, during the third quarter of 2021, our average MPUs for live streaming increased by 3.6% quarter- over-quarter to 46.1 million, while monthly ARPPU also increased by 8.8% year-over-year and 3.7% quarter-over-quarter to RMB55.9.

On supply side, our content creation activeness maintained at a high level, as we collaborated with talent agencies to attract professional live streamers and invested in high- quality content. In addition, we increased our live streaming content exposure in the public domain. All these efforts resulted in a gradually rising average DAU penetration rate of live streaming, which increased to 78% in the third quarter of 2021 from 66% in the first quarter of 2021.

Other services including e-commerce

Our other services delivered revenue of RMB1.9 billion in the third quarter of 2021, increasing by 53.0% year-over-year, primarily driven by e-commerce. Our e-commerce GMV reached RMB175.8 billion in the third quarter of 2021, representing an 86.1% year-over-year increase. The repeat purchase rate of our e-commerce business further improved to over 70% in September 2021. These were bolstered by our improving platform infrastructure and service capabilities, which include, merchandise supply enrichment, service provider network expansion, enhanced platform governance and increasing traffic exposure, which have strengthened our trust-based e-commerce business model and enabled us to continue to optimize user experience and explore new growth potential.

With respect to ***Kwai Shop (快手小店)*** , the closed-loop mode of our e-commerce business, its contribution to the total e-commerce GMV for the third quarter of 2021 increased to 90.0% from 71.4% in the same period of 2020. ***Kuaishou Selection (好物聯盟)*** , our official platform of e-commerce product selection, was further reinforced by optimized matching efficiency between influencers and merchants, as well as diversified merchandise supply. As a result, Kuaishou Selection accounted for an increasing proportion of our total e-commerce GMV in the third quarter of 2021, which again, demonstrated the power of our closed-loop ecosystem.

On branded merchandising, we achieved initial traction in promoting brand merchants particularly in key industries, such as apparel, fast-moving consumer goods, electronics, home appliances, and jewelries. The early success strengthened merchants' confidence in our capabilities and potential, leading to further enrichment of brand merchants on our platform. Boosted by increasing offerings of brand selections and categories, growth of branded GMV surpassed the overall GMV growth, contributing to a higher e-commerce penetration year-over-year in the third quarter of 2021.

Overseas

In the third quarter of 2021, we implemented an organizational upgrade in the overseas markets, integrating operations team, product team and middle offices in different regions to optimize business collaboration and resource utilization efficiency.

Strategically, we have been prioritizing key markets and focusing on products, content, technology optimizations since mid-2021. Coupled with our relentless efforts on resource consolidation and efficiency improvement in the overseas markets, our average MAUs in the overseas market continued to grow quarter-over-quarter in the third quarter of 2021, and we also delivered improvements in our average DAUs to average MAUs ratio, user retention rate and user time spent, despite the fact that our overseas marketing spending was tightened sequentially.

On monetization, we have started to test the waters with trial runs in live streaming virtual gifting and advertising in the overseas markets.

Through accumulating regional experience, and continuously maximizing synergy, we remain confident to achieve further development in the overseas markets.

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.

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