



Kuaishou Technology Announces Fourth Quarter and Full Year 2021 Financial Results

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HONG KONG, March 29, 2022 /PRNewswire/ -- Kuaishou Technology (HK:1024) (the "Company" or "Kuaishou"), a leading content community and social platform, today announced its unaudited fourth quarter results for the three months ended December 31, 2021 and audited consolidated results for the year ended December 31, 2021

Fourth Quarter 2021 Key Financial and Operating Highlights

- **Average DAUs on Kuaishou APP** were 323.3 million, representing an increase of 19.2% from 271.3 million for the same period of 2020.
- **Average MAUs on Kuaishou APP** were 578.0 million, representing an increase of 21.5% from 475.7 million for the same period of 2020.
- **Average daily time spent per DAU⁽¹⁾** was 118.9 minutes, representing an increase of 32.3% from 89.9 minutes for the same period of 2020.
- **Average online marketing services revenue per DAU⁽¹⁾** was RMB40.9, representing an increase of 30.3% from RMB31.4 for the same period of 2020.
- **Total GMV of e-commerce transactions facilitated on our platform⁽²⁾** was RMB240.3 billion, representing an increase of 35.7% from RMB177.1 billion for the same period of 2020.
- **Total revenue** increased by 35.0% to RMB24.4 billion from RMB18.1 billion for the same period of 2020. Amongst total revenues, online marketing services increased by 55.5% to RMB13.2 billion from RMB8.5 billion for the same period of 2020. As a percentage of the total revenue, online marketing services contributed 54.2%, while live streaming contributed 36.1%. The remaining 9.7% came from other services.

Full Year 2021 Key Financial and Operating Highlights

- **Average DAUs on Kuaishou APP** were 308.2 million, representing an increase of 16.5% from 264.6 million in 2020.
- **Average MAUs on Kuaishou APP** were 544.2 million, representing an increase of 13.1% from 481.1 million in 2020.
- **Average daily time spent per DAU⁽¹⁾** was 111.5 minutes, representing an increase of 27.7% from 87.3 minutes in 2020.
- **Average online marketing services revenue per DAU⁽¹⁾** was RMB138.4, representing an increase of 67.6% from RMB82.6 in 2020.
- **Total GMV of e-commerce transactions facilitated on our platform⁽²⁾** was RMB680.0 billion, representing an increase of 78.4% from RMB381.2 billion in 2020.
- **Total revenue** increased by 37.9% to RMB81.1 billion from RMB58.8 billion in 2020. Amongst total revenues, online marketing services increased by 95.2% to RMB42.7 billion from RMB21.9 billion in 2020. As a percentage of the total revenue, online marketing services contributed 52.6%, while live streaming contributed 38.2%. The remaining 9.2% came from other services.
- **Cash and cash equivalents, time deposits, restricted cash, and wealth management products** were RMB 49.6 billion as of December 31, 2021, compare to RMB27.2 billion as of December 31, 2020.

Mr. Cheng Yixiao, Co-founder and Chief Executive Officer of Kuaishou said, "2021 was a year of change, progress and strong growth for Kuaishou. We reached new record highs for both average DAUs and average MAUs on Kuaishou App in the fourth quarter of 2021 and gained further market share in both the online marketing and e-commerce sectors. Our internal organizational restructuring throughout the year, combined with our initiatives in managing costs and expenses, greatly improved our operational and monetization efficiency. We remain mindful of our responsibilities to society through promoting the development of the digital economy and industrial upgrade, and creating more job opportunities. Looking forward, we will continue to create value for our users, content creators, partners and shareholders, driving the sustainable growth of our ecosystem."

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

Business Review

We ended the year of 2021 with a robust fourth quarter performance as well as exceptional user and traffic growth, setting new records in both metrics. In the fourth quarter of 2021, our total traffic grew at a vigorous pace, representing a year-over-year increase of 57.6% on Kuaishou App, while total revenues reached RMB24.4 billion, increasing by 35.0% year-over-year. For the full year of 2021, our total revenues grew by 37.9% year-over-year to RMB81.1 billion.

Enriched content and a close-knit and vibrant social community fortified our healthy ecosystem and closed-loop, virtuous business cycle, which along

with our improved monetization capabilities, drove our consistent revenue growth throughout the year. Setting out to align with our strategic development, we completed a major organizational restructuring in September 2021, which has effectively transformed our organizational structure from a function-based system to a business unit-based system and significantly strengthened our core capabilities in operations, monetization and efficiency. In particular, we have continuously gained market share in online marketing services and e-commerce, which was demonstrated by the 95.2% and 78.4% year-over-year growth in revenue from online marketing services and e-commerce GMV in the year of 2021, respectively. In the fourth quarter of 2021, we continued to optimize our revenue and cost structure and enhance operating leverage, driving our adjusted net margin to improve by 7.9 percentage points, on a quarter-over-quarter basis.

Ecosystem

In the fourth quarter of 2021, average DAUs and average MAUs on Kuaishou App reached new record highs of 323.3 million and 578.0 million, respectively, increasing by 19.2% and 21.5% year-over-year, respectively. These fourth quarter metrics marked our highest year-over-year growth rate in 2021 for both average DAUs and average MAUs on Kuaishou App, as well as demonstrated a quarter-over-quarter growth which outperformed our typical seasonal patterns. In the fourth quarter of 2021, average daily time spent per DAU on Kuaishou App increased by 32.3% year-over-year to 118.9 minutes. Our user and traffic growth was driven by the enhancement of our platform's differentiated social attributes, the expansion of our unique and immersive content, and our effective organizational restructuring.

Our efforts in strengthening social attributes have significantly enhanced our highly interactive and engaged one-stop digital community, which differentiates Kuaishou from other short video platforms as a social platform. Pairs of mutual followers on Kuaishou App reached over 16.3 billion by the end of 2021, on a cumulative basis, representing a 68.2% year-over-year increase.

Our targeted content operations and recommendations across different user demographics have enabled us to better serve evolving user needs and acquire targeted new users, which resulted in growth in both user base and user time spent, as well as reinforced Kuaishou's featured content in users' share of mind and heart. For example, our distinctive *Kuaishou Playlet (快手短劇)* has been successful in attracting female users in higher-tier cities, further diversifying our massive user base. With more than 10,000 short plays on our platform at the end of 2021, we had become home to many blockbuster short plays.

Following our organizational restructuring, we focused on the implementation of a more efficient and higher-quality user growth strategy. Through our more dynamic and holistic operation of different users and our enhanced user management infrastructure, we successfully improved user growth efficiency and user retention rate with more disciplined spending on user acquisition and user maintenance.

Online marketing services

Online marketing services led our revenue growth in the fourth quarter of 2021, reaching revenue of RMB13.2 billion, representing an increase of 55.5% year-over-year and 21.3% quarter-over-quarter, which was a strong demonstration of our increasing market share in the online marketing sector. For 2021, revenue of our online marketing services was RMB42.7 billion, increasing by 95.2% year-over-year.

The performance of our online marketing business was boosted by our consistent traffic growth, which has laid a solid foundation for our market share expansion. In addition, advertisements in short video and live streaming format are being increasingly adopted by more advertisers, providing tailwinds for our growth. Motivated by our characteristic combination of public and private traffic, an increasing number of advertisers came to our platform to capture the attention of our valuable and growing user community. Furthermore, with continued improvements in our product and operating capabilities, advertiser experience and ad performance on our platform were further optimized. As a result, in 2021, the number of advertisers increased by over 60% year-over-year and their monthly average spending on our platform increased by double digits year-over-year, leading to our further market share gain in the online marketing sector.

Our e-commerce business, as a natural extension to our platform, also contributed to the resilience of our online marketing business, which jointly empowered the closed-loop transactions within our ecosystem where merchants on our platform can implement integrated brand promotion and product sales strategies. Our one-stop service capability has further reinforced the merchants' bond with our platform.

Brand advertisement has been an additional growth driver to our online marketing services. Our massive and diverse user base, along with our enhanced service capabilities and creative marketing campaign format attracted an increasing number of brand advertisers to our platform. Revenue from our brand advertisement experienced a more than 150% year-over-year increase in 2021.

Live streaming

Revenue from our live streaming was RMB8.8 billion in the fourth quarter of 2021, increasing by 14.3% quarter-over-quarter, and 11.7% year-over-year. By further expanding our collaboration with talent agencies, we attracted more creative talents and motivated them to create more high-quality content. As of December 31, 2021, the number of professional streamers engaged by talent agencies doubled year-over-year on our platform.

Our enhanced and enriched live streaming content encouraged more users to interact with streamers. For the fourth quarter of 2021, penetration of live streaming viewers and penetration of live streaming paying users both increased quarter-over-quarter, and average MPUs for live streaming increased by 5.2% quarter-over-quarter to 48.5 million. Talent agencies bring other benefits to our platform as well, including more efficient live streaming operations and higher monetization efficiency. Monthly ARPPU for live streaming grew to RMB60.7 in the fourth quarter of 2021, up 8.6% quarter-over-quarter and 17.2% year-over-year.

Supported by enhanced content quality and operating efficiency, we continue to sustain vigorous user activities and a highly engaged user community that is built on trust, while expanding use case scenarios for live streaming during the quarter. With content categories spanning entertainment, online games, sports and more, we are looking to introduce more genres of interest to our growing community.

Other services including e-commerce

Our other services are also thriving with revenue of RMB2.4 billion in the fourth quarter of 2021, representing an increase of 40.2% year-over-year and 27.3% quarter-over-quarter, primarily driven by growth in e-commerce. In 2021, revenue of our other services reached RMB7.4 billion, increasing by 99.9% year-over-year.

Our unique trust-based e-commerce model has contributed to the significant growth of our live streaming e-commerce and boosted our market share in this segment. In the fourth quarter of 2021, we further optimized supply, content, services, technology and user experience to expand our growth potential. Our total e-commerce GMV reached RMB680.0 billion in 2021, representing an increase of 78.4% year-over-year. In December 2021, **Kwai Shop (快手小店)**, our closed-loop e-commerce marketplace, contributed to 98.8% of our total e-commerce GMV. In the fourth quarter of 2021, driven by our reinforced trust-based e-commerce model, the repeat purchase rate of our e-commerce business increased by over five percentage points year-over-year.

During the fourth quarter of 2021, we upgraded **Kuaishou Selection (好物聯盟)**, our official platform for e-commerce product selection, to **Kuaishou Distribution (快分銷)**, which lowers the threshold for brands and merchants to join our platform. **Kuaishou Distribution** features a more refined scoring system to direct traffic to better quality products and achieve more accurate matching between products and streamers. In recognition of our superior platform infrastructure and service capabilities, more brands and merchants have further enriched merchandise supply and improved product quality on our platform, boosting the growth of active buyers, purchasing frequency and average order value. In the fourth quarter of 2021, over 30% of our total e-commerce GMV was contributed by **Kuaishou Distribution**.

Our unique positioning in the e-commerce sector has demonstrated our differentiated advantage to brand clients. Our Key Account team was established in the second half of 2021, which has become a strong addition to serve and empower brands. In the fourth quarter of 2021, the e-commerce GMV from self-operated live streaming of well-known brands was more than nine times of that in the first quarter of 2021 on our platform. At the same time, we provided support to the upgrade of many niche brands and regional brands, which together have driven the growth of branded GMV.

Empowered by our platform and our service providers, the number of active e-commerce streamers on our platform grew continuously throughout the year, leading to enriched e-commerce-related live streaming content. Total user time spent on e-commerce content increased by over 50% year-over-year on Kuaishou App in 2021.

As our traffic grows, we continuously iterate and optimize our technologies and services to enhance targeting accuracy and sales conversion rates for our merchants. As of December 31, 2021, more than 500 service partners had been attracted to our platform. Our collaborating service partners have enabled merchants on our platform to improve their professional and systematic operations and service capabilities.

Overseas

We achieved successful user acquisition in the overseas market in 2021. Since mid-2021, we started to focus on optimizing local infrastructure and investing in content and products to improve user quality effectively. In particular, we increased investments in high-quality copyrights and content creator incentive plans to build our overseas content community, which are considered to be very important to short video platforms. In addition, we continuously refined our products and algorithms to emphasize our positioning as a social platform and improve user stickiness in the overseas market.

Through the enrichment of content creation and enhanced content consumption on the platform, we gradually formed a virtuous business cycle in some of our key overseas markets. Internally, we further enhanced our operating efficiency as our organizational restructuring in our international business unit started to show positive effects in the fourth quarter of 2021. We managed to continue to increase our DAUs, user time spent, and retention rates in our overseas market in the second half of 2021, while implementing a more disciplined budget plan.

Business Outlook

Looking ahead, leveraging our unique business proposition and capabilities, we are committed to creating social value through promoting the development of digital economy and industrial upgrade. We expect short videos and live streams, as our fundamental infrastructure, to provide more users and industry participants with high-quality, efficient and convenient services and solutions.

We will continue to focus on and invest in four main areas. Firstly, we will continue to accentuate our inclusive and balanced traffic distribution and private domain strength that differentiate us from others. Secondly, we will further develop differentiated content and enhance our content operation capabilities to strengthen and emphasize our unique share of mind. Our third area of focus is algorithm improvement, which in turn will result in increased user consumption on our platform, leading to reinforcement of our recommendation mechanism. Lastly, we will continue to expand use case scenarios to better serve our user needs and further enrich offerings in our community.

The sustainable and healthy development of our core business paves the way for our future growth. At the same time, we remain committed to managing costs and improving efficiency. We will strive to effectively execute our initiatives to improve efficiency in key areas including organizational synergy, user growth, operation and monetization, driving sustainable growth of our ecosystem.

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.

For investor and media inquiries, please contact

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