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## Kuaishou Technology 快手科技

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(HKD Counter Stock Code: 01024 / RMB Counter Stock Code: 81024)

### ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2024

The Board of Directors of Kuaishou Technology (快手科技) is pleased to announce the unaudited consolidated results of the Company for the three months ended March 31, 2024. These interim results have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and reviewed by PricewaterhouseCoopers, the independent auditor of the Company (the “Auditor”), in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board. These interim results have also been reviewed by the Audit Committee.

#### KEY HIGHLIGHTS

##### Financial Summary

	Unaudited				
	Three Months Ended March 31,				
	2024		2023		
Amount	As a percentage of revenues	Amount	As a percentage of revenues	Year-over- year change	
<i>(RMB millions, except for percentages)</i>					
Revenues	29,408	100.0	25,217	100.0	16.6%
Gross profit	16,120	54.8	11,712	46.4	37.6%
Operating profit/(loss)	3,994	13.6	(698)	(2.8)	N/A
Profit/(loss) for the period	4,120	14.0	(876)	(3.5)	N/A
<b>Non-IFRS Accounting Standards Measures:</b>					
Adjusted net profit <sup>(1)</sup>	4,388	14.9	42	0.2	10,347.6%
Adjusted EBITDA <sup>(2)</sup>	5,979	20.3	1,996	7.9	199.5%

Notes:

- (1) We define “adjusted net profit” as profit/(loss) for the period adjusted by share-based compensation expenses and net fair value changes on investments.
- (2) We define “adjusted EBITDA” as adjusted net profit for the period adjusted by income tax (benefits)/expenses, depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance income, net.

## Financial Information by Segment

	Unaudited Three Months Ended March 31, 2024			Total
	Domestic	Overseas	Unallocated items <sup>(1)</sup>	
	<i>(RMB millions)</i>			
Revenues	28,417	991	—	29,408
Operating profit/(loss)	3,991	(268)	271	3,994

	Unaudited Three Months Ended March 31, 2023			Total
	Domestic	Overseas	Unallocated items <sup>(1)</sup>	
	<i>(RMB millions)</i>			
Revenues	24,879	338	—	25,217
Operating profit/(loss)	963	(823)	(838)	(698)

	Year-over-year change			Total
	Domestic	Overseas	Unallocated items <sup>(1)</sup>	
Revenues	14.2%	193.2%	—	16.6%
Operating profit/(loss)	314.4%	(67.4%)	N/A	N/A

Note:

- (1) Unallocated items include share-based compensation expenses, other income and other gains, net.

## Operating Metrics

Unless otherwise specified, the following table sets forth certain of our key operating data on Kuaishou App for the periods indicated:

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Average DAUs ( <i>in millions</i> )	<b>393.8</b>	374.3
Average MAUs ( <i>in millions</i> )	<b>697.4</b>	654.4
Average online marketing services revenue per DAU ( <i>in RMB</i> )	<b>42.3</b>	34.9
Total e-commerce GMV <sup>(1)</sup> ( <i>RMB in millions</i> )	<b>288,072.5</b>	224,766.5

*Note:*

<sup>(1)</sup> Placed on or directed to our partners through our platform.

## BUSINESS REVIEW

We commenced the year with robust operational and financial performance during the first quarter of 2024. In the first quarter of 2024, our total revenue expanded by 16.6% year-over-year to RMB29.4 billion, with a gross profit margin of 54.8%, profit of RMB4.1 billion and profit margin of 14.0%. These results demonstrate the strong resilience of our business and economic moat created by our user and commercial ecosystems despite that the first quarter is a typical slow season for the industry.

In the first quarter of 2024, we further rolled out our new traffic recommendation mechanism to all users, aligning improvements in user experience with increased monetization efficiency. Our smart marketing solution empowered marketing clients to improve their performances, attracting increased client budgets. Through our commitment to creating excellent user shopping experience, we have steadily grown our e-commerce business with a dual-drive approach of live-streaming e-commerce and shelf-based e-commerce. We have also continued our efforts to foster a healthier live-streaming ecosystem, laying a solid foundation for the platform's sustainable growth. Moreover, we made steady advances in the research, development and training of our self-developed large language models to empower multiple business scenarios with AI technology, facilitating growth through efficiency gains.

### User and content ecosystem

In the first quarter of 2024, average DAUs and MAUs on the Kuaishou App reached 394 million and 697 million, representing year-over-year increases of 5.2% and 6.6%, respectively. The average daily time spent per DAU on the Kuaishou App was 129.5 minutes. Our user traffic grew steadily in terms of the total user time spent increasing by 8.6% year-over-year in the first quarter of 2024. The increases in our user metrics are the strong testaments of our success in high-quality user growth strategy. By meeting user demand with superior content and continuously elevating user experience, we provide more value to the users on our platform.

In terms of user growth, we optimized our user acquisition channel mix, simultaneously combining algorithms to forecast new user retention rates, thereby increasing the ROI of our user growth. Additionally, we implemented several initiatives, such as delving into the diversity of user interest and enhancing ranking strategies of the short videos' comments. These efforts not only improved user experience but also increased user time spent on the platform.

In terms of content supply, we nurtured quality creators embodying distinctive Kuaishou characteristics, and created differentiated, high-quality, bespoke Kuaishou IP content for important occasions, incentivizing users to open the Kuaishou App. For example, in celebrating the Year of the Dragon with our nearly 400 million users, we continued “A Taste of Chinese New Year on Kuaishou” activities in 2024 featuring a diverse array of Chinese New Year-themed content. This included ***Kuaishou 1001 Nights Fans' Gala*** (快手一千零一夜老鐵聯歡晚會), ***online festival fairs*** (雲上廟會) and ***the Village Basketball Association*** (村BA). In addition to serving as a stage for creators to showcase their talent, these events also increased users' stickiness on Kuaishou. Meanwhile, during the Spring Festival in 2024, 20 short plays produced by ***Kuaishou Astral Short Plays*** (快手星芒短劇) received more than 100 million views each, and seven of which gained over 300 million views each.

For our search business, we optimized the search function by leveraging large language model technology and refined the landing page for “search after watching” feature. These initiatives improved user penetration and overall search experience. In the first quarter of 2024, Kuaishou search's average monthly users increased by more than 15% year-over-year, and the number of daily searches peaked at nearly 800 million. In terms of search commercialization, revenue from search marketing services grew by over 50% year-over-year in the first quarter of 2024.

## **Online marketing services**

In the first quarter of 2024, our revenue from online marketing services rose by 27.4% year-over-year to RMB16.7 billion, accounting for 56.6% of our total revenue. Through our robust efforts to promote the application of our smart marketing solution across various scenarios, the number of active marketing clients increased by almost 90% year-over-year in the first quarter of 2024.

In the first quarter of 2024, by leveraging our AI and large language model capabilities, our smart marketing solution provided clients with end-to-end solutions to improve efficiency, covering smart creation, smart placement and smart user connection. For smart creation, our AIGC capabilities enabled the rapid generation of higher-quality creative content. In the first quarter of 2024, the peak daily spending from the clients with AIGC marketing materials exceeded RMB10 million. Regarding smart placement, our ***Universal Auto X (UAX)*** product and omni-platform marketing solution offer clients a range of automated placement functions, including bidding, real-time tracking and adjustment. In terms of smart user connection, our AI-driven customer service helps clients communicate with target users, significantly improving marketing conversion efficiency.

In the first quarter of 2024, the steady growth of our e-commerce GMV continued to drive the revenue growth of enclosed loop marketing services, which outpaced the overall GMV growth. We further iterated our omni-platform marketing solution strategy and capabilities to help merchants explore our high-quality traffic and expand their GMV. With respect to smart hosting products, we tested and unveiled live-streaming hosting functions for major promotion scenarios, which improved clients' marketing performance and willingness to place ads. In the first quarter of 2024, merchants' total marketing spending through our omni-platform marketing solution or smart hosting products accounted for 30% of overall enclosed loop marketing spending.

In the first quarter of 2024, the revenue of our external marketing services continued to maintain robust growth year-over-year, especially in industries like media information, gaming, and education. For paid short plays in the media information industry, the average daily marketing spending of paid short plays skyrocketed by more than four-fold year-over-year in the first quarter of 2024. This growth was fueled by our continuous optimization of our self-developed sales funnel conversion path and augmented supply and demand resulting from policy incentives. On the gaming front, in the first quarter of 2024, we validated the effectiveness of the ***In-Apps Ads (IAA)*** marketing model for Kuaishou’s mini-program games, boosting the marketing spending of our gaming clients. Marketing spending in the education industry nearly doubled year-over-year in the first quarter of 2024. The increased spending was prompted by our ability to further tap into user demand, which drove an increased budget by marketing clients. Our smart placement product under external marketing services, ***UAX***, provides customized full-lifecycle automated marketing solutions to clients in diverse industries, enhancing their marketing conversion efficiency. In the first quarter of 2024, total marketing spending through ***UAX*** more than quadrupled quarter-over-quarter.

Regarding brand marketing services, we have established a rich brand marketing matrix and customized solutions for our clients. We leveraged our superior content, precise demographics coverage and efficient conversion to help clients achieve their marketing goals of improving brand awareness and sales conversion. As a result, we attracted budgets from a wider range of brand marketing clients. The number of brand marketing clients during the 2024 Chinese New Year soared by more than 120% year-over-year. The hit blockbusters from ***Kuaishou Astral Short Plays*** delivered highly effective exposure and targeted demographic reach for brands like Tmall.com and Honor Smartphones, among others.

## **E-commerce**

In the first quarter of 2024, we enhanced buyer conversion efficiency through our refined operations, while further enriching our merchandise offerings and expanding e-commerce scenario. As a result, our e-commerce GMV grew by 28.2% year-over-year to RMB288.1 billion.

On the user front, the e-commerce monthly active paying users increased by 22.4% year-over-year in the first quarter of 2024 to 126 million. This rise was primarily attributable to the continuous expansion of shopping scenarios, such as shelf-based and short video e-commerce, as well as the ongoing upgrade of marketing tools and features. We also reinforced policy guidance to ensure an improved end-to-end experience for consumers during and after sales. This included the implementation of policies such as “speedy refund” and “proactive service takeover by platform,” significantly elevating the overall consumer experience. Notably, during the 2024 Chinese New Year Promotion, the number of paying users rose by over 60% compared with last year.

On the supply side, the number of monthly active merchants grew by approximately 70% year-over-year in the first quarter of 2024, mainly due to the sustained activity level of newly on-boarded merchants. Through significant optimization and enhancement of our policies to attract merchants and augmented marketing capabilities, we have successfully engaged a diverse range of supplier types, spanning from brands and large merchants to small and medium-sized merchants. Consequently, the number of newly on-boarded monthly active merchants continued to grow year-over-year at a high speed in the first quarter of 2024. Particularly, for small and medium-sized merchants, we rolled out generous incentives for new merchants under the ***Gold Bound Policy (斗金政策)***. Meanwhile, we offered comprehensive support through various initiatives encompassing deposits, traffic generation, distribution and training to support merchants at their cold start stage. Together with the enhanced merchant incubation and education measures, merchants were being well prepared to scale up their business on our platform.

We sustained strong growth among brand merchants in the first quarter of 2024. During the 2024 Chinese New Year Promotion, brand GMV rose by over 70% compared with last year. Brand merchants significantly increased their focus on both short video and shelf-based e-commerce realms. In the first quarter of 2024, brand GMV leaped by more than 110% in the short video realm and over 80% in the shelf-based realm, both on a year-over-year basis. Regarding KOL strategies, we encouraged new, small, and medium KOLs to collaborate with brands in live streaming through the **Supernova Initiative (超新星計劃)**, while offering enhanced marketing tools for large-scale live streaming to assist leading KOLs in achieving breakthroughs. In terms of KOL distribution, we recommended high-quality merchandise to KOLs internally and helped small and medium KOLs select merchandise via external coordinators. This comprehensive approach strengthened our platform's matching capabilities while significantly increasing streamers' willingness to host live sessions and augmenting their contributions to monetization in short video content and other diverse e-commerce scenarios.

In terms of e-commerce scenarios, we continued to register strong growth in shelf-based e-commerce. In the first quarter of 2024, shelf-based e-commerce GMV outgrew the overall platform, accounting for approximately 25% of total GMV. We achieved remarkable strides on both the supply and demand fronts, with more than 50% and 60% year-over-year increases in average daily active merchants and average daily paying users, respectively, in the first quarter of 2024. We also further enhanced the merchandise infrastructure, enriched merchandise offerings and improved the price management system. These measures enabled us to fulfill core user groups' needs in key categories such as fresh produce, food, personal care and daily necessities. Furthermore, the order volume of our shopping mall during the 2024 Chinese New Year Promotion soared by 98% compared with last year, with impressive performances across short video, search-induced and shelf-based e-commerce. GMV from short video-embedded shopping links, search-induced e-commerce and shelf-based e-commerce surged by 345%, 164% and 383%, respectively, compared with last year. These stellar performances demonstrated that our dual engine of content-based and shelf-based e-commerce is unlocking more new business opportunities for merchants. It's also noteworthy that our short video e-commerce GMV maintained its rapid growth in the first quarter of 2024, increasing by nearly 100% year-over-year. The short video e-commerce monthly and daily active paying users continued to rise, supported by consistently enriched content offerings.

## Live streaming

In the first quarter of 2024, we continued our endeavor in building a healthy live-streaming ecosystem, laying a solid foundation for long-term sustainable growth. We offered strong support to mid-tier streamers, stimulated streamer activity and improved streamer quality through online training, offline lectures and streamer tasks, accelerating new streamers' growth and incentivizing talent agencies to drive their gross revenue. Meanwhile, we continued to promote emerging streaming features such as multi-host live streaming and "Grand Stage" while iterating product features and enriching our live streaming ecosystem. By the end of the first quarter of 2024, we had grown the number of partnering talent agencies by 50% and the number of talent agency-managed streamers on KuaiShou by 50%, both on a year-over-year basis.

In addition, as examples of our "live streaming+" services empowering traditional industries, **Kwai Hire (快聘)** launched the "Chinese New Year Job Fair" in the first quarter of 2024 to meet the job seeking and recruitment needs following the Chinese New Year. The event featured a number of online activities hosted by KOLs and well-known enterprises. In the first quarter of 2024, daily average number of resume submissions soared by over 180% and the daily average number of users submitting resumes increased by over 120%, both on a year-over-year basis. Additionally, by the end of the first quarter of 2024, **Ideal Housing (理想家)** covered over 100 cities nationwide and partnered with over 50,000 streamers.

## Overseas

We have developed differentiated advantages in key overseas markets by efficiently expanding our user base while implementing a robust localization strategy. With a focus on localized original content generation, we rapidly grew our content supply by optimizing our platform's traffic mechanism and diversifying creators' income sources. At the same time, we leveraged the Brazilian Carnival and Brazil's largest reality show, **Big Brother Brasil 24**, among other programs, to continuously increase the user activeness. These initiatives also fortified Kwai's brand awareness and recognition, laying the groundwork for enhancing monetization. In the first quarter of 2024, average DAUs in our key markets grew steadily, with average daily time spent per DAU improving both year-over-year and quarter-over-quarter. Notably, average DAUs in Brazil rose by 13% year-over-year, and the average daily time spent per DAU exceeded 75 minutes in the first quarter of 2024. As a result, revenue from our overseas business reached RMB991 million, up by 193.2% year-over-year in the first quarter of 2024. As we continued to boost operating efficiency, we successfully narrowed our overseas operating loss by 67.4% year-over-year in the first quarter of 2024. Meanwhile, our operating loss also reduced quarter-over-quarter.

In terms of overseas online marketing services, we continuously refined our localized marketing capabilities and enhanced our product ecosystem. These efforts further improved marketing clients' placement efficiency and stability. Furthermore, we focused on developing platform capabilities, service quality and creativity. By leveraging marketing opportunities from events such as the Brazilian Carnival, we have bolstered both brand awareness and sales conversion for international and Chinese brands operating overseas. In the first quarter of 2024, marketing revenue from our overseas business surged by almost three-fold year-over-year.

## Corporate social responsibilities

To better drive rural-based industry development, our e-commerce business officially kicked off the **Rural Revitalization Initiative (興農計劃)**, with a focus on buying fresh fruits and vegetables on Kuaishou directly from the source. We plan to deploy traffic resources equivalent to approximately RMB10 billion and provide RMB100 million in cash to consistently support merchants offering top-notch agricultural products.

In addition, we actively implemented the **Influencer Program (紅人計劃)** engaging in the discovery and training of rural live-streaming streamers to cultivate rural talent and spur industry growth in Kuaishou **Three Rural (三農)** vertical. In the first quarter of 2024, the number of monthly active creators with over 10,000 followers in Kuaishou **Three Rural** vertical reached 80,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### First Quarter of 2024 Compared to First Quarter of 2023

The following table sets forth the comparative figures in absolute amounts and as percentages of our total revenues for the first quarter of 2024 and 2023, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended March 31,</b>			
	<b>2024</b>		<b>2023</b>	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in millions, except for percentages)</i>			
<b>Revenues</b>	<b>29,408</b>	<b>100.0</b>	25,217	100.0
Cost of revenues	<b>(13,288)</b>	<b>(45.2)</b>	(13,505)	(53.6)
<b>Gross profit</b>	<b>16,120</b>	<b>54.8</b>	11,712	46.4
Selling and marketing expenses	<b>(9,384)</b>	<b>(31.9)</b>	(8,723)	(34.6)
Administrative expenses	<b>(462)</b>	<b>(1.6)</b>	(919)	(3.6)
Research and development expenses	<b>(2,843)</b>	<b>(9.7)</b>	(2,920)	(11.6)
Other income	<b>118</b>	<b>0.4</b>	52	0.2
Other gains, net	<b>445</b>	<b>1.6</b>	100	0.4
<b>Operating profit/(loss)</b>	<b>3,994</b>	<b>13.6</b>	(698)	(2.8)
Finance income, net	<b>114</b>	<b>0.4</b>	111	0.5
Share of losses of investments accounted for using the equity method	<b>(3)</b>	<b>(0.0)</b>	(14)	(0.1)
<b>Profit/(loss) before income tax</b>	<b>4,105</b>	<b>14.0</b>	(601)	(2.4)
Income tax benefits/(expenses)	<b>15</b>	<b>0.0</b>	(275)	(1.1)
<b>Profit/(loss) for the period</b>	<b>4,120</b>	<b>14.0</b>	(876)	(3.5)
<b>Non-IFRS Accounting Standards Measures:</b>				
Adjusted net profit	<b>4,388</b>	<b>14.9</b>	42	0.2
Adjusted EBITDA	<b>5,979</b>	<b>20.3</b>	1,996	7.9



## Revenues

Our revenues increased by 16.6% to RMB29.4 billion for the first quarter of 2024 from RMB25.2 billion for the same period of 2023. The increase was primarily attributable to the growth of our online marketing services and e-commerce business.

The following table sets forth our revenues by type in absolute amounts and as percentages of our total revenues for the first quarter of 2024 and 2023, respectively:

	Unaudited Three Months Ended March 31,			
	2024		2023	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
Online marketing services	<b>16,650</b>	<b>56.6</b>	13,064	51.8
Live streaming	<b>8,575</b>	<b>29.2</b>	9,319	37.0
Other services	<b>4,183</b>	<b>14.2</b>	2,834	11.2
<b>Total</b>	<b><u>29,408</u></b>	<b><u>100.0</u></b>	<b><u>25,217</u></b>	<b><u>100.0</u></b>

### *Online marketing services*

Revenue from our online marketing services increased by 27.4% to RMB16.7 billion for the first quarter of 2024 from RMB13.1 billion for the same period of 2023, primarily attributable to the growth in the number of marketing clients and increased consumption from marketing clients driven by our efforts to promote the application of our smart marketing solution and upgraded omni-platform marketing capabilities.

### *Live streaming*

Revenue from our live streaming business decreased by 8.0% to RMB8.6 billion for the first quarter of 2024 from RMB9.3 billion for the same period of 2023, due to our continuing endeavor in further building long-term sustainable live streaming ecosystem.

### *Other services*

Revenue from our other services increased by 47.6% to RMB4.2 billion for the first quarter of 2024 from RMB2.8 billion for the same period of 2023, primarily due to the growth of our e-commerce business, represented by the growth in our e-commerce GMV. The growth in e-commerce GMV was driven by increases in the number of active e-commerce paying users and active merchants as a result of our continuously refined operating strategies and expanded e-commerce scenarios.

## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues for the first quarter of 2024 and 2023, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended March 31,</b>			
	<b>2024</b>		<b>2023</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in millions, except for percentages)</i>			
Revenue sharing costs and related taxes	<b>8,339</b>	<b>28.4</b>	8,251	32.7
Bandwidth expenses and server custody costs <sup>(1)</sup>	<b>1,399</b>	<b>4.8</b>	1,695	6.7
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(1)</sup>	<b>1,544</b>	<b>5.3</b>	1,573	6.2
Employee benefit expenses	<b>703</b>	<b>2.4</b>	709	2.8
Payment processing costs	<b>596</b>	<b>2.0</b>	495	2.0
Other cost of revenues	<b>707</b>	<b>2.3</b>	782	3.2
<b>Total</b>	<b><u>13,288</u></b>	<b><u>45.2</u></b>	<b><u>13,505</u></b>	<b><u>53.6</u></b>

Note:

<sup>(1)</sup> Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under IFRS 16 — Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues decreased by 1.6% to RMB13.3 billion for the first quarter of 2024 from RMB13.5 billion for the same period of 2023, primarily attributable to the decrease in bandwidth expenses and server custody costs, partially offset by the increase in payment processing costs.

## Gross Profit and Gross Profit Margin

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the first quarter of 2024 and 2023, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended March 31,</b>			
	<b>2024</b>		<b>2023</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in millions, except for percentages)</i>			
Gross profit	<b>16,120</b>	<b>54.8</b>	11,712	46.4

As a result of the foregoing, our gross profit increased by 37.6% to RMB16.1 billion for the first quarter of 2024 from RMB11.7 billion for the same period of 2023. Our gross profit margin increased to 54.8% for the first quarter of 2024, from 46.4% for the same period of 2023.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses increased by 7.6% to RMB9.4 billion for the first quarter of 2024 from RMB8.7 billion for the same period of 2023, primarily attributable to the increased spending in promotion activities. As a percentage of our total revenues, selling and marketing expenses decreased to 31.9% for the first quarter of 2024 from 34.6% for the same period of 2023, primarily due to improved operating efficiency.

### ***Administrative Expenses***

Our administrative expenses decreased by 49.7% to RMB462 million for the first quarter of 2024, from RMB919 million for the same period of 2023, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

### ***Research and Development Expenses***

Our research and development expenses decreased by 2.6% to RMB2.8 billion for the first quarter of 2024, from RMB2.9 billion for the same period of 2023, primarily attributable to a decrease in employee benefit expenses, including the related share-based compensation expenses.

### ***Other Income***

Our other income increased to RMB118 million for the first quarter of 2024, from RMB52 million for the same period of 2023, primarily due to an increase in the value-added tax preferences.

### ***Other Gains, Net***

Our other gains, net increased to RMB445 million for the first quarter of 2024 from RMB100 million for the same period of 2023, primarily attributable to the fair value changes of financial assets at fair value through profit or loss.

### ***Operating Profit/(Loss)***

As a result of the foregoing, we had an operating profit of RMB4.0 billion and an operating margin of 13.6% for the first quarter of 2024, compared to an operating loss of RMB698 million and a negative operating margin of 2.8% for the same period of 2023.

The following table sets forth our operating profit/(loss) by segment in absolute amounts for the first quarter of 2024 and 2023, respectively:

	<b>Unaudited</b>		
	<b>Three Months Ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>Year-over-year change</b>
	<i>(RMB millions, except for percentages)</i>		
Domestic	<b>3,991</b>	963	314.4%
Overseas	<b>(268)</b>	(823)	(67.4%)
Unallocated items	<b>271</b>	(838)	N/A
<b>Total</b>	<b><u>3,994</u></b>	<b><u>(698)</u></b>	N/A

Our operating profit from the domestic segment increased to RMB4.0 billion for the first quarter of 2024, from RMB963 million for the same period of 2023, mainly due to a 14.2% year-over-year growth in domestic revenues.

Our operating loss from the overseas segment narrowed to RMB268 million for the first quarter of 2024, from RMB823 million for the same period of 2023. The decrease was primarily attributable to rapid growth in overseas revenues.

#### ***Finance Income, Net***

Our finance income, net was RMB114 million and RMB111 million for the first quarter of 2024 and 2023, respectively.

#### ***Share of Losses of Investments Accounted for Using the Equity Method***

Our share of losses of investments accounted for using the equity method was RMB3 million and RMB14 million for the first quarter of 2024 and 2023, respectively.

#### ***Profit/(Loss) before Income Tax***

As a result of the foregoing, we had a profit before income tax of RMB4.1 billion for the first quarter of 2024, compared to a loss before income tax of RMB601 million for the first quarter of 2023.

#### ***Income Tax Benefits/(Expenses)***

We had income tax benefits of RMB15 million for the first quarter of 2024, compared to income tax expenses of RMB275 million for the same period of 2023. The change was primarily due to the recognition of deferred tax assets based on the evaluation of future taxable income incurred by certain subsidiaries.

#### ***Profit/(Loss) for the Period***

As a result of the foregoing, we had a profit of RMB4.1 billion for the first quarter of 2024, compared to a loss of RMB876 million for the first quarter of 2023.

## First Quarter of 2024 Compared to Fourth Quarter of 2023

The following table sets forth the comparative figures in absolute amounts and as percentages of our total revenues for the first quarter of 2024 and the fourth quarter of 2023, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>March 31, 2024</b>		<b>December 31, 2023</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
	<i>(in millions, except for percentages)</i>			
<b>Revenues</b>	<b>29,408</b>	<b>100.0</b>	32,561	100.0
Cost of revenues	<b>(13,288)</b>	<b>(45.2)</b>	(15,269)	(46.9)
<b>Gross profit</b>	<b>16,120</b>	<b>54.8</b>	17,292	53.1
Selling and marketing expenses	<b>(9,384)</b>	<b>(31.9)</b>	(10,198)	(31.3)
Administrative expenses	<b>(462)</b>	<b>(1.6)</b>	(752)	(2.3)
Research and development expenses	<b>(2,843)</b>	<b>(9.7)</b>	(3,296)	(10.1)
Other income	<b>118</b>	<b>0.4</b>	379	1.2
Other gains, net	<b>445</b>	<b>1.6</b>	197	0.5
<b>Operating profit</b>	<b>3,994</b>	<b>13.6</b>	3,622	11.1
Finance income, net	<b>114</b>	<b>0.4</b>	135	0.5
Share of losses of investments accounted for using the equity method	<b>(3)</b>	<b>(0.0)</b>	(23)	(0.1)
<b>Profit before income tax</b>	<b>4,105</b>	<b>14.0</b>	3,734	11.5
Income tax benefits/(expenses)	<b>15</b>	<b>0.0</b>	(122)	(0.4)
<b>Profit for the period</b>	<b>4,120</b>	<b>14.0</b>	3,612	11.1
<b>Non-IFRS Accounting Standards Measures:</b>				
Adjusted net profit	<b>4,388</b>	<b>14.9</b>	4,362	13.4
Adjusted EBITDA	<b>5,979</b>	<b>20.3</b>	6,132	18.8

## Revenues

Our revenues decreased by 9.7% to RMB29.4 billion for the first quarter of 2024, from RMB32.6 billion for the fourth quarter of 2023, primarily due to revenue decreases in our online marketing services and live streaming business.

The following table sets forth our revenues by type in absolute amounts and as percentages of our total revenues for the first quarter of 2024 and the fourth quarter of 2023, respectively:

	Unaudited Three Months Ended			
	March 31, 2024		December 31, 2023	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
Online marketing services	16,650	56.6	18,203	55.9
Live streaming	8,575	29.2	10,048	30.9
Other services	4,183	14.2	4,310	13.2
<b>Total</b>	<b>29,408</b>	<b>100.0</b>	<b>32,561</b>	<b>100.0</b>

### *Online marketing services*

Revenue from our online marketing services decreased by 8.5% to RMB16.7 billion for the first quarter of 2024, from RMB18.2 billion for the fourth quarter of 2023, primarily attributable to the impact of seasonality.

### *Live streaming*

Revenue from our live streaming business decreased by 14.7% to RMB8.6 billion for the first quarter of 2024, from RMB10.0 billion for the fourth quarter of 2023, primarily attributable to the impact of seasonality.

### *Other services*

Revenue from our other services slightly decreased by 2.9% to RMB4.2 billion for the first quarter of 2024, from RMB4.3 billion for the fourth quarter of 2023.

## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues for the first quarter of 2024 and the fourth quarter of 2023, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>March 31, 2024</b>		<b>December 31, 2023</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in millions, except for percentages)</i>			
Revenue sharing costs and related taxes	<b>8,339</b>	<b>28.4</b>	9,706	29.8
Bandwidth expenses and server custody costs <sup>(1)</sup>	<b>1,399</b>	<b>4.8</b>	1,496	4.6
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(1)</sup>	<b>1,544</b>	<b>5.3</b>	1,600	4.9
Employee benefit expenses	<b>703</b>	<b>2.4</b>	764	2.3
Payment processing costs	<b>596</b>	<b>2.0</b>	800	2.5
Other cost of revenues	<b>707</b>	<b>2.3</b>	903	2.8
<b>Total</b>	<b><u>13,288</u></b>	<b><u>45.2</u></b>	<b><u>15,269</u></b>	<b><u>46.9</u></b>

Note:

- <sup>(1)</sup> Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under IFRS 16 — Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues decreased by 13.0% to RMB13.3 billion for the first quarter of 2024, from RMB15.3 billion for the fourth quarter of 2023, primarily attributable to decreases in revenue sharing costs and related taxes, payment processing costs and content costs as part of other cost of revenues.

## Gross Profit and Gross Profit Margin

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the first quarter of 2024 and the fourth quarter of 2023, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended</b>			
	<b>March 31, 2024</b>		<b>December 31, 2023</b>	
	<b>RMB</b>	<b>%</b>	<b>RMB</b>	<b>%</b>
	<i>(in millions, except for percentages)</i>			
Gross profit	<b>16,120</b>	<b>54.8</b>	17,292	53.1

As a result of the foregoing, our gross profit decreased by 6.8% to RMB16.1 billion for the first quarter of 2024, from RMB17.3 billion for the fourth quarter of 2023. Our gross profit margin increased to 54.8% for the first quarter of 2024, from 53.1% for the fourth quarter of 2023.

### ***Selling and Marketing Expenses***

Our selling and marketing expenses decreased by 8.0% to RMB9.4 billion for the first quarter of 2024, from RMB10.2 billion for the fourth quarter of 2023, primarily attributable to the decreased spending in promotion activities. As a percentage of our total revenues, selling and marketing expenses slightly increased to 31.9% for the first quarter of 2024 from 31.3% for the fourth quarter of 2023.

### ***Administrative Expenses***

Our administrative expenses decreased by 38.6% to RMB462 million for the first quarter of 2024, from RMB752 million for the fourth quarter of 2023, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

### ***Research and Development Expenses***

Our research and development expenses decreased by 13.7% to RMB2.8 billion for the first quarter of 2024, from RMB3.3 billion for the fourth quarter of 2023, primarily due to a decrease in employee benefit expenses, including the related share-based compensation expenses.

### ***Other Income***

Our other income decreased to RMB118 million for the first quarter of 2024, from RMB379 million for the fourth quarter of 2023, primarily due to decreases in the value-added tax preferences and government grants.

### ***Other Gains, Net***

Our other gains, net increased to RMB445 million for the first quarter of 2024, from RMB197 million for the fourth quarter of 2023, primarily due to the fair value changes of financial assets at fair value through profit or loss.

### ***Operating Profit***

As a result of the foregoing, we had an operating profit of RMB4.0 billion for the first quarter of 2024, compared to RMB3.6 billion for the fourth quarter of 2023, and our operating margin was 13.6% for the first quarter of 2024, compared to 11.1% for the fourth quarter of 2023.

The following table sets forth our operating profit/(loss) by segment in absolute amounts for the first quarter of 2024 and the fourth quarter of 2023, respectively:

	<b>Unaudited Three Months Ended</b>		
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>Quarter-over- quarter change</b>
	<i>(RMB millions, except for percentages)</i>		
Domestic	<b>3,991</b>	4,250	(6.1%)
Overseas	<b>(268)</b>	(551)	(51.4%)
Unallocated items	<b>271</b>	(77)	N/A
<b>Total</b>	<b><u>3,994</u></b>	<b><u>3,622</u></b>	10.3%



Our operating profit from the domestic segment was RMB4.0 billion for the first quarter of 2024, compared to RMB4.3 billion for the fourth quarter of 2023, mainly due to a quarter-over-quarter decrease in domestic revenues as a result of seasonality impact.

Our operating loss from the overseas segment decreased to RMB268 million for the first quarter of 2024, from RMB551 million for the fourth quarter of 2023, mainly due to growth in overseas revenues and continually improved efficiency of marketing spending.

### ***Finance Income, Net***

Our finance income, net was RMB114 million for the first quarter of 2024, compared to RMB135 million for the fourth quarter of 2023.

### ***Share of Losses of Investments Accounted for Using the Equity Method***

Our share of losses of investments accounted for using the equity method was RMB3 million and RMB23 million for the first quarter of 2024 and the fourth quarter of 2023, respectively.

### ***Profit before Income Tax***

As a result of the foregoing, we had a profit before income tax of RMB4.1 billion and RMB3.7 billion for the first quarter of 2024 and the fourth quarter of 2023, respectively.

### ***Income Tax Benefits/(Expenses)***

We had income tax benefits of RMB15 million for the first quarter of 2024, compared to income tax expenses of RMB122 million for the fourth quarter of 2023.

### ***Profit for the Period***

As a result of the foregoing, we had a profit of RMB4.1 billion and RMB3.6 billion for the first quarter of 2024 and the fourth quarter of 2023, respectively.

### **Reconciliation of Non-IFRS Accounting Standards Measures to the Nearest IFRS Accounting Standards Measures**

We believe that the presentation of non-IFRS Accounting Standards measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items. The use of these non-IFRS Accounting Standards measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, these non-IFRS Accounting Standards financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS Accounting Standards measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

The following table sets forth the reconciliations of our non-IFRS Accounting Standards financial measures for the first quarter of 2024, the fourth quarter of 2023 and the first quarter of 2023, respectively, to the nearest measures prepared in accordance with IFRS Accounting Standards:

	<b>Unaudited Three Months Ended</b>		
	<b>March 31, 2024</b>	December 31, 2023	March 31, 2023
	<i>(RMB millions)</i>		
<b>Profit/(loss) for the period</b>	<b>4,120</b>	3,612	(876)
Add:			
Share-based compensation expenses	<b>292</b>	653	990
Net fair value changes on investments <sup>(1)</sup>	<b>(24)</b>	97	(72)
<b>Adjusted net profit</b>	<b><u>4,388</u></b>	<b><u>4,362</u></b>	<b><u>42</u></b>
<b>Adjusted net profit</b>	<b>4,388</b>	4,362	42
Add:			
Income tax (benefits)/expenses	<b>(15)</b>	122	275
Depreciation of property and equipment	<b>977</b>	1,018	964
Depreciation of right-of-use assets	<b>716</b>	732	788
Amortization of intangible assets	<b>27</b>	33	38
Finance income, net	<b>(114)</b>	(135)	(111)
<b>Adjusted EBITDA</b>	<b><u>5,979</u></b>	<b><u>6,132</u></b>	<b><u>1,996</u></b>

*Note:*

<sup>(1)</sup> Net fair value changes on investments represents net fair value (gains)/losses on financial assets at fair value through profit or loss of our investments in listed and unlisted entities, net (gains)/losses on deemed disposals of investments and impairment provision for investments, which is unrelated to our core business and operating performance and subject to market fluctuations, and exclusion of which provides investors with more relevant and useful information to evaluate our performance.

## **Liquidity and Financial Resources**

Other than the funds raised through our global offering in February 2021, we historically funded our working capital and other capital needs primarily through capital contributions from the Shareholders, cash generated from issuance of convertible redeemable preferred shares and cash generated from our operating activities. We had cash and cash equivalents of RMB11.0 billion as of March 31, 2024, compared to RMB12.9 billion as of December 31, 2023.

Our total available funds which we considered in cash management included but not limited to cash and cash equivalents, time deposits, financial assets and restricted cash. Financial assets mainly included wealth management products and others. The aggregate amount of our available funds was RMB63.7 billion as of March 31, 2024, compared to RMB61.6 billion as of December 31, 2023.

The following table sets forth a summary of our cash flows for the first quarter of 2024:

	<b>Unaudited Three Months Ended March 31, 2024</b>
	<i>(RMB millions)</i>
Net cash generated from operating activities	<b>5,796</b>
Net cash used in investing activities	<b>(4,903)</b>
Net cash used in financing activities	<b>(2,805)</b>
	<hr/>
Net decrease in cash and cash equivalents	<b>(1,912)</b>
Cash and cash equivalents at the beginning of the period	<b>12,905</b>
Effects of exchange rate changes on cash and cash equivalents	<b>11</b>
	<hr/>
Cash and cash equivalents at the end of the period	<b>11,004</b>
	<hr/> <hr/>

#### ***Net Cash Generated from Operating Activities***

Net cash generated from operating activities represents the cash generated from our operations minus the income tax paid. Cash generated from our operations primarily consists of our profit before income tax, adjusted by non-cash items and changes in working capital.

For the first quarter of 2024, our net cash generated from operating activities was RMB5.8 billion, which was primarily attributable to our profit before income tax of RMB4.1 billion, adjusted by non-cash items, primarily comprising depreciation of property and equipment of RMB977 million, depreciation of right-of-use assets of RMB716 million and share-based compensation expenses of RMB292 million. We also paid income tax of RMB217 million.

#### ***Net Cash Used in Investing Activities***

For the first quarter of 2024, our net cash used in investing activities was RMB4.9 billion, which was primarily attributable to the net investments in financial assets at fair value through profit or loss of RMB6.5 billion, purchase of property, equipment and intangible assets of RMB1.4 billion and net proceeds from maturity of time deposits with initial terms of over three months of RMB2.7 billion.

#### ***Net Cash Used in Financing Activities***

For the first quarter of 2024, our net cash used in financing activities was RMB2.8 billion, which was primarily attributable to payments for the repurchase of shares of RMB1.2 billion, net settlement under notes arrangements of RMB895 million and payments for principal elements of lease and related interests of RMB756 million.

## FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>Unaudited</b>	
		<b>Three months ended March 31,</b>	
		<u>2024</u>	<u>2023</u>
		<i>(RMB millions)</i>	
<b>Revenues</b>	3	<b>29,408</b>	25,217
Cost of revenues	4	<b>(13,288)</b>	(13,505)
<b>Gross profit</b>		<b>16,120</b>	11,712
Selling and marketing expenses	4	<b>(9,384)</b>	(8,723)
Administrative expenses	4	<b>(462)</b>	(919)
Research and development expenses	4	<b>(2,843)</b>	(2,920)
Other income		<b>118</b>	52
Other gains, net		<b>445</b>	100
<b>Operating profit/(loss)</b>		<b>3,994</b>	(698)
Finance income, net		<b>114</b>	111
Share of losses of investments accounted for using the equity method		<b>(3)</b>	(14)
<b>Profit/(loss) before income tax</b>		<b>4,105</b>	(601)
Income tax benefits/(expenses)		<b>15</b>	(275)
<b>Profit/(loss) for the period</b>		<b><u>4,120</u></b>	<b><u>(876)</u></b>
<b>Attributable to:</b>			
— Equity holders of the Company		<b>4,119</b>	(873)
— Non-controlling interests		<b>1</b>	(3)
		<b><u>4,120</u></b>	<b><u>(876)</u></b>
<b>Earnings/(loss) per share attributable to the equity holders of the Company (expressed in RMB per share)</b>			
Basic earnings/(loss) per share	5	<b><u>0.95</u></b>	<b><u>(0.20)</u></b>
Diluted earnings/(loss) per share		<b><u>0.94</u></b>	<b><u>(0.20)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)**

**Unaudited**  
**Three months ended March 31,**

	<b>2024</b>	2023
<i>Note</i>	<i>(RMB millions)</i>	
<b>Profit/(loss) for the period</b>	<b>4,120</b>	(876)
<b>Other comprehensive income/(loss)</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Share of other comprehensive (loss)/income of investments accounted for using the equity method	(3)	7
Currency translation differences	<b>130</b>	(988)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(97)	711
<b>Other comprehensive income/(loss) for the period, net of taxes</b>	<b>30</b>	(270)
<b>Total comprehensive income/(loss) for the period</b>	<b>4,150</b>	(1,146)
<b>Attributable to:</b>		
— Equity holders of the Company	4,149	(1,143)
— Non-controlling interests	<b>1</b>	(3)
	<b>4,150</b>	(1,146)

## CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As of March 31, 2024	Audited As of December 31, 2023
	<i>Note</i>	<i>(RMB millions)</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		11,770	12,356
Right-of-use assets		9,653	10,399
Intangible assets		1,014	1,073
Investments accounted for using the equity method		198	214
Financial assets at fair value through profit or loss	6	9,748	5,245
Other financial assets at amortized cost	6	223	283
Deferred tax assets		6,313	6,108
Long-term time deposits		7,260	9,765
Other non-current assets		560	492
		<u>46,739</u>	<u>45,935</u>
<b>Current assets</b>			
Trade receivables		6,008	6,457
Prepayments, other receivables and other current assets		3,636	4,919
Financial assets at fair value through profit or loss	6	27,630	25,128
Other financial assets at amortized cost	6	996	950
Short-term time deposits		9,612	9,874
Restricted cash		66	128
Cash and cash equivalents		11,004	12,905
		<u>58,952</u>	<u>60,361</u>
<b>Total assets</b>		<u><u>105,691</u></u>	<u><u>106,296</u></u>

## CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As of March 31, 2024	Audited As of December 31, 2023
<i>Note</i>	<i>(RMB millions)</i>	
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	—	—
Share premium	272,264	273,459
Treasury shares	(113)	(88)
Other reserves	33,495	33,183
Accumulated losses	(253,372)	(257,491)
	<u>52,274</u>	<u>49,063</u>
<b>Non-controlling interests</b>	<u>12</u>	<u>11</u>
<b>Total equity</b>	<b><u>52,286</u></b>	<b><u>49,074</u></b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	7,698	8,405
Deferred tax liabilities	17	18
Other non-current liabilities	22	21
	<u>7,737</u>	<u>8,444</u>
<b>Current liabilities</b>		
Accounts payables	23,161	23,601
Other payables and accruals	13,850	16,592
Advances from customers	4,056	4,036
Income tax liabilities	1,220	1,222
Lease liabilities	3,381	3,327
	<u>45,668</u>	<u>48,778</u>
<b>Total liabilities</b>	<b><u>53,405</u></b>	<b><u>57,222</u></b>
<b>Total equity and liabilities</b>	<b><u>105,691</u></b>	<b><u>106,296</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Three months ended March 31,	
	2024	2023*
	<i>(RMB millions)</i>	
Net cash generated from operating activities	5,796	354
Net cash used in investing activities	(4,903)	(2,060)
Net cash (used in)/generated from financing activities	(2,805)	990
Net decrease in cash and cash equivalents	(1,912)	(716)
Cash and cash equivalents at the beginning of the period	12,905	13,274
Effects of exchange rate changes on cash and cash equivalents	11	(85)
<b>Cash and cash equivalents at the end of the period</b>	<b>11,004</b>	<b>12,473</b>

\* The condensed consolidated statement of cash flows for the three months ended March 31, 2023 has been adjusted for the voluntary change in accounting policy as described in Note 1.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 Basis of preparation and presentation

This condensed consolidated interim financial information for the three months ended March 31, 2024 (“**Interim Financial Information**”) has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, issued by the International Accounting Standards Board. The Interim Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated.

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended December 31, 2023 which have been prepared in accordance with IFRS Accounting Standards by the Group as set out in the 2023 annual report of the Company (the “**2023 Financial Statements**”).

The accounting policies and methods of computations used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2023, as described in the 2023 Financial Statements, except for the adoption of certain new standards and amendments which has had no significant impact on the results and the financial position of the Group.

As disclosed in the note 2.1.1(c) in the 2023 Financial Statements, the Group voluntarily changed the presentation of cash flows related to notes payable transaction. Accordingly, comparative figures for the three months ended March 31, 2023 have been adjusted to conform to the current period presentation.

In preparing the Interim Financial Information, the critical accounting estimates and judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2023 Financial Statements.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

### 2 Segment information

The Group’s business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Domestic
- Overseas

The CODM assesses the performance of the operating segments mainly based on revenues and operating profit or loss of each operating segment. Thus, segment results would present revenues, cost of revenues and operating expenses, and operating profit or loss for each segment, which is in line with CODM's performance review. There were no material inter-segment sales during the three months ended March 31, 2024 and 2023.

The revenues from customers reported to CODM are measured as revenues in each segment. The operating profit or loss in each segment reported to CODM is measured as cost of revenues and operating expenses deducted from its revenues. Certain items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM. Share-based compensation expenses, other income and other gains, net are not allocated to individual operating segments.

The segment results for the three months ended March 31, 2024 and 2023 are as follows:

	<b>Three months ended March 31, 2024</b>			
	<u>Domestic</u>	<u>Overseas</u>	<u>Unallocated items</u>	<u>Total</u>
	<i>(RMB millions)</i>			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>	<b>28,417</b>	<b>991</b>	<b>—</b>	<b>29,408</b>
Cost of revenues and operating expenses	(24,426)	(1,259)	—	(25,685)
Unallocated items	—	—	271	271
<b>Operating profit/(loss)</b>	<b><u>3,991</u></b>	<b><u>(268)</u></b>	<b><u>271</u></b>	<b><u>3,994</u></b>
	<b>Three months ended March 31, 2023</b>			
	<u>Domestic</u>	<u>Overseas</u>	<u>Unallocated items</u>	<u>Total</u>
	<i>(RMB millions)</i>			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>	24,879	338	—	25,217
Cost of revenues and operating expenses	(23,916)	(1,161)	—	(25,077)
Unallocated items	—	—	(838)	(838)
<b>Operating profit/(loss)</b>	<b><u>963</u></b>	<b><u>(823)</u></b>	<b><u>(838)</u></b>	<b><u>(698)</u></b>

### 3 Revenues

The breakdown of revenues during the three months ended March 31, 2024 and 2023 is as follows:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB millions)</i>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Online marketing services	<b>16,650</b>	13,064
Live streaming	<b>8,575</b>	9,319
Other services	<b>4,183</b>	2,834
	<b><u>29,408</u></b>	<b><u>25,217</u></b>

### 4 Expenses by nature

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB millions)</i>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue sharing costs and related taxes	<b>8,339</b>	8,251
Promotion and marketing expenses	<b>8,757</b>	8,054
Employee benefit expenses	<b>3,953</b>	4,523
Bandwidth expenses and server custody costs	<b>1,399</b>	1,695
Depreciation of property and equipment	<b>977</b>	964
Depreciation of right-of-use assets ( <i>Note a</i> )	<b>716</b>	788
Amortization of intangible assets	<b>27</b>	38
Payment processing costs	<b>596</b>	495
Outsourcing and other labor costs	<b>302</b>	281
Tax surcharges	<b>175</b>	130
Professional fees	<b>59</b>	44
Credit loss allowances on financial assets	<b>22</b>	14
Others ( <i>Note b</i> )	<b>655</b>	790
	<b><u>25,977</u></b>	<b><u>26,067</u></b>

*Note a:* The depreciation of right-of-use assets included the expenses related to leases of internet data centers, office buildings and land with a term of over one year.

*Note b:* Others mainly comprise content-related costs, traveling and communication fees and office facilities fees.

## 5 Earnings/(loss) per share

### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings/(loss) attributable to equity holders of the Company ( <i>RMB millions</i> )	<b>4,119</b>	(873)
Weighted average number of ordinary shares in issue ( <i>million shares</i> )	<b>4,320</b>	4,301
Basic earnings/(loss) per share ( <i>expressed in RMB per share</i> )	<b><u>0.95</u></b>	<b><u>(0.20)</u></b>

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the three months ended March 31, 2024 and 2023, the Company had two categories of potential ordinary shares: share options and restricted share units (“RSUs”). As the Company incurred loss for the three months ended March 31, 2023, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amount of diluted loss per share for the three months ended March 31, 2023 was the same as basic loss per share.

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings/(loss) attributable to equity holders of the Company ( <i>RMB millions</i> )	<b>4,119</b>	(873)
Weighted average number of ordinary shares in issue ( <i>million shares</i> )	<b>4,320</b>	4,301
Adjustments for share options and RSUs ( <i>million shares</i> )	<b>81</b>	—
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share ( <i>million shares</i> )	<b>4,401</b>	4,301
Diluted earnings/(loss) per share ( <i>expressed in RMB per share</i> )	<b><u>0.94</u></b>	<b><u>(0.20)</u></b>

## 6 Investments

	As of March 31, 2024	As of December 31, 2023
	<i>(RMB millions)</i>	
	(Unaudited)	(Audited)
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss		
— Investments in unlisted entities	2,811	2,609
— Investment in a listed entity	48	52
— Wealth management products and others	6,889	2,584
	<u>9,748</u>	<u>5,245</u>
Other financial assets at amortized cost	223	283
	<u>9,971</u>	<u>5,528</u>
<b>Current assets</b>		
Financial assets at fair value through profit or loss		
— Investment in a listed entity	6	8
— Wealth management products and others	27,624	25,120
	<u>27,630</u>	<u>25,128</u>
Other financial assets at amortized cost	996	950
	<u>28,626</u>	<u>26,078</u>
<b>Total</b>	<b><u>38,597</u></b>	<b><u>31,606</u></b>

## OTHER INFORMATION

### Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended March 31, 2024 and up to the Latest Practicable Date, the Company repurchased a total of 35,820,900 Class B Shares (the “**Shares Repurchased**”) on the Stock Exchange at an aggregate consideration of HK\$1,634,665,202.91. Particulars of the Shares Repurchased are summarized as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate Consideration
		Highest	Lowest	
		(HK\$)	(HK\$)	(HK\$)
January 2024	12,986,000	51.85	38.85	573,165,403.11
February 2024	9,793,200	46.25	38.45	426,284,299.06
March 2024	7,226,900	51.75	43.10	342,663,422.95
April 2024	4,571,500	50.00	44.05	219,923,443.35
May 2024 ( <i>up to the Latest Practicable Date</i> )	1,243,300	59.95	55.45	72,628,634.44
Total	<u>35,820,900</u>			<u>1,634,665,202.91</u>

As of the date of this announcement, a total of 36,464,100 Class B Shares repurchased from December 2023 to April 2024 have been cancelled on January 31, February 29, March 28 and April 30, 2024 respectively, and the number of Class B Shares in issue was reduced by 36,464,100 as a result of such cancellations. Upon cancellation of such Class B Shares, Reach Best Developments Limited, a holder of Class A Shares, simultaneously converted 6,357,172 Class A Shares into Class B Shares on a one-to-one ratio on January 31, February 29, March 28 and April 30, 2024 respectively, pursuant to Rule 8A.21 of the Listing Rules, such that the proportion of shares carrying weighted voting rights of the Company would not be increased, pursuant to the requirements under Rules 8A.13 and 8A.15 of the Listing Rules. As of the Latest Practicable Date, a total of 1,243,300 Class B Shares repurchased had not been cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries or Consolidated Affiliated Entities has purchased, sold or redeemed any of the Company's listed securities during the three months ended March 31, 2024 and up to the Latest Practicable Date.

### Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting a high standard of corporate governance which is crucial to the Group's development and safeguarding the interests of the Shareholders. The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices.

Save for the deviation from code provision C.2.1 as set out in Part 2 of the Corporate Governance Code, which is explained in the following paragraph, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code during the three months ended March 31, 2024.

The code provision C.2.1 as set out in Part 2 of the Corporate Governance Code stipulates that the responsibilities between the chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Mr. Cheng Yixiao has served as both the chairman of the Board and the chief executive officer of the Company since October 29, 2023, to ensure consistent leadership to advance long-term strategy, and allow for further deepening the monetization capabilities and optimizing operating efficiency of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

## **Audit Committee**

The Audit Committee, after the discussion with the Auditor, has reviewed the Company's unaudited interim financial statements for the three months ended March 31, 2024. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters in respect of risk management and internal control of the Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

The Company's unaudited interim financial statements for the three months ended March 31, 2024 have been prepared in accordance with IFRS Accounting Standards.

## **Significant Events after March 31, 2024**

Save as disclosed in this announcement, there were no other significant events affecting the Group which occurred after March 31, 2024 and up to the date of this announcement.

## **APPRECIATION**

On behalf of the Board, I would like to express our heartfelt gratitude to our conscientious and professional staff and management team for their hard work. I would also like to extend our thanks and appreciation to our Shareholders and stakeholders who continue to provide us with great support and confidence.

By order of the Board  
**Kuaishou Technology**  
**Mr. Cheng Yixiao**  
Chairman

Hong Kong, May 22, 2024

*As of the date of this announcement, the Board comprises Mr. Cheng Yixiao and Mr. Su Hua as executive Directors; Mr. Li Zhaohui, Mr. Zhang Fei, Mr. Lin Frank and Mr. Wang Huiwen as non-executive Directors; Mr. Huang Sidney Xuande, Mr. Ma Yin and Prof. Xiao Xing as independent non-executive Directors.*

*Certain statements included in this announcement, 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 announcement. 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 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 announcement 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 announcement or those that might reflect the occurrence of unanticipated events.*

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“AI”</b>	artificial intelligence
<b>“AIGC”</b>	artificial intelligence generated content
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company adopted on and with effect from June 16, 2023, as amended from time to time
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Auditor”</b>	PricewaterhouseCoopers, the external auditor of the Company
<b>“Board” or “Board of Directors”</b>	the board of directors of the Company
<b>“Class A Shares”</b>	class A ordinary shares of the share capital of the Company with a par value of US\$0.0000053 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to 10 votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
<b>“Class B Shares”</b>	class B ordinary shares of the share capital of the Company with a par value of US\$0.0000053 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
<b>“Company”, “our Company”, “the Company”, “Kuaishou”, “we” or “us”</b>	Kuaishou Technology (快手科技), an exempted company incorporated in the Cayman Islands with limited liability on February 11, 2014
<b>“Consolidated Affiliated Entities”</b>	the entities that the Company controls through a set of contractual arrangements
<b>“Corporate Governance Code”</b>	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules



<b>“DAUs”</b>	daily active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the day
<b>“Director(s)”</b>	the director(s) of the Company
<b>“GMV”</b>	gross merchandise value, the total value of all orders for products and services placed on, or directed to the Group’s partners through, the Group’s platform, regardless of whether the order is settled or returned, excluding single transactions of RMB100,000 or greater and any series of transactions from a single buyer totaling RMB1,000,000 or greater in a single day, unless they are settled
<b>“Group”, “our Group” or “the Group”</b>	the Company, its subsidiaries and its Consolidated Affiliated Entities, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of the Company at the time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“IFRS Accounting Standards”</b>	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
<b>“KOLs”</b>	key opinion leaders
<b>“Kuaishou App”</b>	collectively, Kuaishou Flagship, Kuaishou Express and Kuaishou Concept mobile apps
<b>“Kuaishou Concept”</b>	an app that we launched in November 2018 to explore different user needs and preferences
<b>“Kuaishou Express”</b>	a variant of Kuaishou Flagship that was officially launched in August 2019
<b>“Kuaishou Flagship”</b>	a mobile app that was derived from our original mobile app, <i>GIF Kuaishou</i> (launched in 2011)
<b>“Latest Practicable Date”</b>	May 14, 2024, being the latest practicable date prior to the publication of this quarterly results announcement for the purpose of ascertaining certain information contained herein
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

<b>“MAUs”</b>	monthly active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the calendar month
<b>“Memorandum”</b>	the memorandum of association of the Company adopted on and with effect from June 16, 2023, as amended from time to time
<b>“paying user(s)”</b>	user account(s) that purchase(s) a particular service at least once during a given period
<b>“PRC” or “China”</b>	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
<b>“Reserved Matters”</b>	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Company’s auditors; and (iv) the voluntary liquidation or winding-up of the Company
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of the PRC
<b>“ROI”</b>	return on investment
<b>“Shareholder(s)”</b>	holder(s) of the Shares
<b>“Share(s)”</b>	the Class A Shares and Class B Shares in the capital of the Company, as the context so requires
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it under the Companies Ordinance
<b>“US\$” or “US Dollars”</b>	the lawful currency of the United States of America
<b>“%”</b>	per cent