



KINGSOFT ANNOUNCES 2021 FIRST QUARTER RESULTS

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Kingsoft Office Group Achieves Significant Growth Driven by Development of Ecosystem for Cloud and Collaboration JX Online III PC Game Delivers Solid Performance

FINANCIAL HIGHLIGHTS

RMB'000 (Unaudited)	For the three months ended		
	31 March 2021	31 March 2020	31 December 2020
Revenue	1,559,607	1,171,325	1,605,510
- Online Games and Others	788,615	793,736	849,037
- Office Software and Services	770,992	377,589	756,473
Gross Profit	1,315,865	970,148	1,346,867
Operating Profit	512,061	385,159	559,767
Profit Attributable to Owners of the Parent*	116,572	6,257	220,562
Basic Earnings per Share for Profit for the Period (RMB)	0.09	0.00	0.16

(25 May 2021 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; HKEx stock code: 03888), a leading Chinese software and Internet service company, has announced its unaudited quarterly results for the three months ended 31 March 2021 (“period under review”).

During the period under review, the revenue of Kingsoft increased 33% year-over-year to RMB1,559.6 million. Revenue from the online games and others and office software and services represented 51% and 49%, respectively, of total revenue. Gross profit increased 36% year-over-year to RMB1,315.9 million, while profit attributable to owners of the parent increased 1,763 % year-over-year to RMB116.6 million.

Mr. Jun LEI, Chairman of Kingsoft, commented, “Our first-quarter results signal a good start for the year as we continued to focus on office application services for government, enterprises and individuals, and high-quality IP and premium games. Kingsoft Office Group seized the opportunity for digital transformation and will continue to develop the ecosystem for cloud and collaboration. In our online games business, we maintained steady development of our core games while actively carrying out research and development for new game genres.”

** Profit attributable to owners of the parent before the effect of share-based compensation costs (including that from continuing operations and a discontinued operation) is RMB 139.6 million, RMB55.2 million and RMB265.7 million for the three months ended at 31 March 2021, 31 March 2020 and 31 December 2020, respectively. This represents a year-on-year increase of 153% and a quarter-on-quarter decrease of 47%.*

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added, “In the first quarter, the Company achieved a decent start to the year. Our total revenue came in at RMB1,559.6 million, up 33% year-on-year, while our office software and services business recorded strong year-on-year growth of 104%. With the robust growth of office software and services revenue, our operating profit in the first quarter was RMB512.1 million, up 33% compared to the same period last year.”

BUSINESS REVIEW

Office Software and Services

For the first quarter of 2021, revenue of the Company from the office software and services increased 104% year-on-year to RMB771.0 million. Kingsoft Office Group achieved significant growth, mainly driven by the accelerated development of its ecosystem for cloud and collaboration. Kingsoft Office Group is dedicated to transforming to a premium service provider of cloud and collaboration office solutions, continuously improving its products experience and promoting cloud office migration and penetration in the government and enterprise markets. As the localization business has entered a mature period, the customer procurement increased. Therefore, Kingsoft Office Group has witnessed an exponential growth in its office software product licensing business during this quarter.

WPS Office assisted the development of the information technology system for China’s 2021 Two Sessions. During the Two Sessions, customized office software document services of WPS Office were provided to facilitate online transmission, review and approval of all official documents. Kingsoft Office Group has also accelerated its development of commercial distribution network. The 2021 Partner Conference of the Kingsoft Office Group was held in April 2021, attracting more than 1,000 attendees from its distributors and service provider partners across the ecosystem.

Meanwhile, Kingsoft Office Group has continued to optimize user experience for individuals and enterprises and improved its customer loyalty through the application of cloud and collaboration. It has also continued to enhance the penetration within the public cloud market and to promote the growth of the office service subscription business.

As at 31 March 2021, monthly active users of Kingsoft Office Group's core products reached 494 million, achieving a year-on-year growth of 11%. Monthly active users of PC edition and mobile edition of WPS Office amounted to 194 million and 294 million, with a year-on-year increase of 15% and 8% respectively. In addition, the Company’s internet advertising and promotion service businesses remained steady during the quarter, which was in line with Kingsoft Office Group’s overall strategy.

Online Games and Others

Revenue from the online games and others for the first quarter of 2021 reached to RMB788.6 million. Revenue from flagship JX Online III PC game increased by 23% year-on-year in the first quarter of 2021. In April, a new expansion pack for the JX Online III PC game, Bai Di Feng Yun (白帝風雲), was launched with enriched content and new gameplay resulting in a growth in daily active independent accounts after launch. Meanwhile, the performance of other JX series PC games has remained stable.

In addition, the Company has achieved breakthroughs in overseas mobile games. Upon its debut, the JX I Pocket mobile game was ranked the first in both the top free charts and grossing charts for iOS and Android apps in Vietnam. In May, first-person shooting (FPS) game Bullet Angel was released and gained popularity in Thailand and Malaysia, etc.

Looking ahead, multiple new games are scheduled for launch. For example, JX Online III: Yuan Qi (劍網3緣起), the retro version of JX Online III, and War of the Visions: Final Fantasy Brave Exvius are expected to be launched in the middle of this year.”

Mr. Jun LEI concluded, “We are pleased that all businesses performed well and started on a sound footing in the first quarter. We are full of confidence for our development going forward. We will continue to adhere to high-intensity investment in research and development with an emphasis in new technologies such as cloud and artificial intelligence to promote innovation and optimization, to prepare for breakthroughs, and to achieve sustainable growth and development as well as creating a better future with our customers and partners.”

About Kingsoft Corporation Limited

Kingsoft is a leading software and Internet services company based in China listed on the stock exchange of Hong Kong. It has two subsidiaries including Season and Kingsoft Office. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall business and management models and formed a strategic platform with interactive entertainment and office software as the pillars and cloud services and AI as the new directions. The Company has more than 5,000 staff around the world and enjoys a large market share in China. For more information, please visit <http://www.kingsoft.com>.

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