



KINGSOFT ANNOUNCES 2023 ANNUAL AND FOURTH QUARTER RESULTS

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Continued Investment in R&D of AI and Collaboration Solid Growth for Kingsoft Office Group
Expanding the Advantages of Long-term Operation of Prime Games Strong Growth for JX3 Online

FINANCIAL HIGHLIGHTS

<i>RMB'000</i>	For the year ended 31 December		For the 3 months ended 31 December	
	2023	2022	2023	2022
Revenue	8,533,611	7,636,743	2,310,135	2,112,449
- Office software and services	4,556,513	3,890,588	1,285,691	1,090,168
- Online games and others	3,977,098	3,746,155	1,024,444	1,022,281
Gross Profit	7,030,343	6,177,001	1,896,250	1,740,840
Operating Profit	2,226,882	1,868,682	714,794	618,733
Profit/(loss) Attributable to Owners of the Parent	483,457	(6,049,409)	205,435	47,569
Basic Earnings/(loss) Per share (RMB)	0.36	(4.43)	0.15	0.03

(20 March 2024 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; HKEx stock code: 03888), a leading Chinese software and Internet service company, has announced its 2023 annual results and fourth quarter results for the period ended 31 December 2023.

For the year of 2023, the revenue of Kingsoft increased 12% year-on-year to RMB8,533.6 million. Revenue from the office software and services, and online games and others represented 53% and 47%, respectively, of the Company’s total revenue for the year of 2023. Gross profit for the year of 2023 increased 14% year-on-year to RMB7,030.3 million, while operating profit increased 19% year-on-year to RMB2,226.9 million.

For the fourth quarter of 2023, the Company’s revenue increased 9% year-on-year and 12% quarter-on-quarter to RMB 2,310.1 million. Revenue from the office software and services and online games and others represented 56% and 44%, respectively, of the Company’s total revenue for the fourth quarter of 2023. Gross profit for the fourth quarter of 2023 increased 9% year-on-year and 13% quarter-on-quarter to RMB1,896.3 million, while operating profit amounted to RMB714.8 million.

Mr. Jun LEI, Chairman of Kingsoft, commented: “In 2023, the Group’s overall performance maintained solid growth despite challenges. We actively promoted our core businesses to lay a solid foundation for sustainable development in the future. Focusing on the strategy of 'multiscreen, cloud, content,

collaboration, AI, Kingsoft Office Group continued to invest in R&D of AI and collaboration, and strengthened the competitiveness of its products through technological innovation, product iteration, performance enhancement and other initiatives. In terms of online games business, we adhered to the original intention of creating prime games and insisted on long-term operation. As developing wuxia games, we are also making incremental progress in exploring new game genres.”

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added: “In 2023, the Group’s businesses demonstrated growth resilience, with the Group’s total revenue of RMB8,533.6 million, representing a year-on-year increase of 12%. The office software and services business maintained solid operations, with annual revenue of RMB4,556.5 million, representing a year-on-year increase of 17%, driven by the growth of domestic individual and institutional subscription businesses. Revenue from online games and other businesses amounted to RMB3,977.1 million, representing a year-on-year increase of 6%, mainly driven by the strong growth of JX3 Online. Operating profit of the Group amounted to RMB2,226.9 million in 2023, increasing by 19% year-on-year. These results reflected our efforts to adhere to the technology-driven business, continuously invest in products and technologies, and enhance user experience.”

BUSINESS REVIEW

Office Software and Services

In 2023, revenue from office software and services business increased 17% year-on-year to RMB 4,556.5 million. Revenue in the fourth quarter increased 18% year-on-year and 17% quarter-on-quarter to RMB 1,285.7 million. The increases were mainly due to the growth of both domestic individual office subscription business and institutional subscription business, partially offset by the decrease in institutional licensing business of Kingsoft Office Group.

Kingsoft Office Group has released WPS AI, an intelligent office application powered by large language models, focusing on the development of three strategic directions: AI Generated Content (content creation), Copilot (intelligent assistant), and Insight (knowledge insight). WPS AI officially launched public beta testing in the Chinese Mainland in the fourth quarter, laying a solid foundation for further commercialization. We have also upgraded the WPS Office to improved user experience. In addition, we continued to improve the end-to-cloud integration experience, and enhanced user activity in the cloud. While adhering to long-term membership strategy, we have upgraded the membership benefits structure, launched the super membership system to meet the needs of different users through a flexible combination of benefits.

For institutional customers, Kingsoft Office Group has upgraded WPS 365, new productive forces in office, to provide content creation, office collaboration, open ecosystem and digital asset management capabilities. We continued to promote the end-to-cloud integration and collaboration process, focused on the business scenarios of government and premium customers of state-owned and private enterprises. We deepened our product capabilities to serve industries such as finance, transportation, energy, publishing, healthcare, consumer retail, high-end manufacturing and the Internet, incubated secure and efficient solutions that can be applied across the industry, and continued to replicate typical cases for widespread adoption. Meanwhile, we have been continuously collaborating with premium customers to explore feasible solutions for the implementation of WPS AI in government and enterprise office scenarios to advance its application in various industries and office settings. In the field of public cloud service, we encouraged customers to use cloud and collaboration applications, enabling them to manage their digital assets, and expanded market reach with channel partners. By highlighting the features of our products, we attracted enterprise customers and increased their user engagement and payment retention.

In 2023, Kingsoft Office Group has closely monitored the localization industry policy changes and customer demand, and taken the initiative to tap local government market in advance. Starting from the replacement needs of localization industries such as finance, energy and operators, we promoted the adoption of the new license mode and deepened their cloud and collaboration office process.

Kingsoft Office Group put users first and officially shut down domestic third-party advertising business in December 2023. In terms of overseas business, based on our solid foundation in the mobile sector, we continued to cultivate our user base on desktop platforms. Looking ahead, Kingsoft Office Group will continue to focus on AI and collaboration, further polish the products, and provide high-quality AI collaborative office products and services to individual and institutional users.

Online Games and others

Revenue from the online games and others business for the year of 2023 increased 6% year-on-year to RMB 3,977.1 million. The year-on-year increase was primarily attributed to the remarkable resilience of flagship game JX3 Online, which introduced new gameplay and content updates, and revenue contribution from new titles like Snowbreak: Containment Zone (塵白禁區) and World of Sword Origin(劍俠世界: 起源), partially offset by the decline in revenue from certain existing games. Revenue for the fourth quarter of 2023 kept flat year-on-year and increased 7% quarter-on-quarter to RMB1,024.4 million. The quarter-on-quarter increase was primarily driven by the revenue contribution from World of Sword Origin released in Chinese Mainland in September, partially offset by decreased revenue from certain existing games.

In 2023, the online games business saw steady growth. The flagship game JX3 Online demonstrated resilience and strong vitality. It has been in operation for fourteen years and achieved a record high in annual revenue. JX3 Online continued to iterate and release new expansion packs with upgraded graphics, providing players more diverse and enriched gaming experience. World of Sword Origin was successively launched in Vietnam and Chinese Mainland, attracting dedicated players with its classic gameplay and nostalgic appeal, while also contributed to the global reach of traditional Chinese culture. The global release of the anime shooter game, Snowbreak: Containment Zone, expanded the user base of anime and overseas markets. The sci-fi mech game Mecha BREAK (解限機) made its debut at The Game Awards at the end of the year, gaining widespread attention from the international market for its art design and innovative gameplay, eagerly awaited by global players.

Looking forward to 2024, the release of JX3 Ultimate (劍網3 無界) will offer players brand new experience across multiple platforms. We will continue to expand into new genres, refine sci-fi mech game Mecha BREAK and continuously optimize anime game Snowbreak: Containment Zone.

Mr. Jun LEI concluded, "In 2023, our core businesses have steadily advanced. In 2024, Kingsoft Office Group will firmly seize the opportunities of digital economic development and continuously explore the business opportunities of digital office services. We will continue to carry out product innovation and user experience optimization around 'multi-screen, cloud, content, collaboration, AI' to continuously improve service quality and provide individual and institutional users with more efficient and intelligent office solutions. At the same time, we will deepen our presence in the field of wuxia games and make progress in the new genres of sci-fi mech games, bringing players all-new gaming experience. Looking ahead, we

will continue to leverage technology, embrace AI and seize new opportunities to pursue high-quality and sustainable development.”

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 three main subsidiaries including Kingsoft Office, Season and Kingsoft Shiyou. 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 office software and interactive entertainment as the pillars and cloud services and AI as the new directions. The Company has more than 7,000 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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