



**KINGSOFT ANNOUNCES 2020 FIRST QUARTER RESULTS**

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**Global MAU of WPS Family Reached Record Highs  
Kingsoft Cloud Successfully Listed on NASDAQ**

**FINANCIAL HIGHLIGHTS**

<i>RMB'000</i>	For the three months ended		
	31 March 2020 <i>(Unaudited)</i>	31 March 2019 <i>(Unaudited and restated)*</i>	31 December 2019 <i>(Unaudited and restated)*</i>
<b>Revenue</b>	<b>1,171,325</b>	887,242	1,481,414
- Online Games	<b>780,739</b>	599,653	915,756
- Office Software and Services and Others	<b>390,586</b>	287,589	565,658
<b>Gross Profit</b>	<b>970,148</b>	712,135	1,248,172
<b>Operating Profit</b>	<b>385,159</b>	171,835	511,912
<b>Profit/(Loss) Attributable to Owners of the Parent**</b>	<b>6,257</b>	(67,764)	(99,477)
<b>Basic Loss Per Share (RMB cents)</b>	0	(5)	(7)

(26 May 2020 – 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 2020 (“period under review”).

During the period under review, the revenue of Kingsoft increased 32% year-over-year to RMB1,171.3 million. Revenue from the online games and office software and services and others represented 67% and 33%, respectively, of total revenue. Gross profit increased 36% year-over-year to RMB970.1 million, while operating profit increased 124% year-over-year to RMB385.2 million.

**Mr. Jun LEI, Chairman of Kingsoft**, commented, “Our first-quarter results represent a strong start to the year. The team did an excellent job in responding to the challenges of COVID-19 while delivering stable business progress. More importantly, the COVID-19 pandemic has expedited the digital transformation and online collaboration of all industries, and therefore laid a solid foundation for our future development. Especially, we saw significant growth in the operational performance of cloud office products and services

*\*The comparative figures are restated to reflect the reclassification between continuing operations and a discontinued operation of the Group. The operating results of Kingsoft Cloud Holdings Limited and its subsidiaries (collectively, “Kingsoft Cloud”) have been presented as a discontinued operation of the Group.*

*\*\*Profit/(loss) attributable to owners of the parent before the effect of share-based compensation costs (including that from continuing operations and a discontinued operation) is RMB55.2 million, RMB(33.3) million and RMB(55.9) million for the three months ended at 31 March 2020, 31 March 2019 and 31 December 2019, respectively.*

as WPS has been more widely adopted for remote working. Our flagship JX Online III PC game also achieved a stable performance with revenue continuing to grow year-on-year. On 8 May 2020 (New York time), Kingsoft Cloud Holdings Limited was successfully listed on the National Association of Securities Dealers Automated Quotations capital market (“NASDAQ”). Our cloud services business continued to maintain its robust growth in the first quarter, and as the largest shareholder of Kingsoft Cloud, we have full confidence in its future performance. Riding on the wave of the post-pandemic digital transformation, we are marching towards a bright future and are determined to become a winner of this unprecedented new digital era.”

**Mr. Tao ZOU, Chief Executive Officer of Kingsoft**, added, “In the first quarter, our total revenue was RMB1,171.3 million, up 32% year-on-year, kicking off 2020 on a positive note in spite of the COVID-19 outbreak. Our office software and services and others, and online game businesses grew 36% and 30% year-on-year respectively in the first quarter.”

## **BUSINESS REVIEW**

### **Office Software and Services and Others**

Revenue from the office software and services and others for the first quarter of 2020 increased 36% year-on-year to RMB390.6 million. The steady year-on-year growth was mainly due to the robust revenue growth from WPS Office subscription services, driven by rapid expansion of user base with enhanced features and services.

For the first quarter of 2020, the office software and services business developed steadily. Global monthly active users of WPS family reached record highs with strong growth of cloud office products and services, particularly WPS Docs. WPS Docs, an online document product, has become one of the largest online collaboration tools in China. Kingsoft Office has further consolidated its leading position in the office market in China, with a dominant user base in WPS Office and WPS Docs. During the quarter, Kingsoft Office provided more than 4 million free business collaborative cloud office accounts to various governments organizations, enterprises, schools and medical institutions, to support remote working and work resumption in the fight against COVID-19. More than 100 government organizations and industry associations have adopted WPS+, WPS business’s one-stop cloud office service platform, as their preferred remote office product. With continued innovation and leading position in the field of office software, Beijing Kingsoft Office Software Inc. was named as an Innovation Pioneer Enterprise in Information Technology Application in China, and it was also admitted to the Information Technology Park in Jingkai district, a National Cybersecurity Industrial Park. WPS Office 2019 Security Edition received the prestigious “Butian Award” from the Independent Innovation Report of Internet Information in 2019 and Outstanding Product and Technology Award of Information Technology Application in China in recognition of its product excellency. The above breakthroughs provide a solid foundation for the Company’s licensing business to seize opportunities in the areas of cloud office, innovative information technology and infrastructure investment. Going forward, Kingsoft Office will further leverage its technology capabilities to maintain dominant position and stellar reputation in document and information processing, while enhancing user experience and offering easy-to-use yet highly effective products and services.

### **Online Games**

Revenue from the online games business for the first quarter of 2020 reached to RMB780.7 million, represented a 30% growth year-on-year. The online games business maintained robust year-on-year

revenue and user growth, reflecting the Company's R&D track record in developing compelling online games and IPs. Revenue and average daily active users of flagship JX Online III PC game recorded a year-on-year growth of 33% and 20% respectively, while revenue from other PC games of the JX series increased by 44% year-on-year. For mobile games business, the key mobile game JX Online I and Eudemons Online (魔域) continued to perform steadily during the quarter.

During the COVID-19 outbreak, Kingsoft has launched several charity initiatives such as setting up in-game fund raising and offering free game log-ins in response to China's call to support epidemic prevention and control. Kingsoft aimed to deliver positive messages in these unprecedented times and further enhance the positive influence of its IPs.

On 22 May, Kingsoft launched Jie Lu Zai Jiang Hu (結廬在江湖), a new expansion pack for JX Online III PC game, aiming to provide gamers with a new game experience. Going forward, Kingsoft will continue to focus on quality content creation and further enhance the integration of R&D and operation, thus laying a solid foundation for its long-term development.

**Mr. Jun LEI** concluded, "We are pleased to achieve a satisfactory performance in the first quarter amid the COVID-19 outbreak. Our business has shown strong resilience and we are confident in the strength of our business model and our developments going forward. Looking ahead, we will continue to increase our investment in key areas, improve our product and service capabilities, innovate on our business model, with our ultimate focus being the provision of high-quality products and services to our customers."

#### **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 computing and AI as the new directions. The Company has over 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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