



KINGSOFT ANNOUNCES 2021 INTERIM AND SECOND QUARTER RESULTS

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**Kingsoft Office Group to Pursue “Multi-screen, Cloud, Content, AI and Collaboration” Strategy
Online Games Business to Focus on Premium Game Strategy**

FINANCIAL HIGHLIGHTS

<i>RMB'000</i> <i>(Unaudited)</i>	For the 6 Months Ended June 30		For the 3 Months Ended June 30	
	2021	2020	2021	2020
Revenue	3,039,133	2,591,443	1,479,526	1,420,118
- Online Games and others	1,481,923	1,677,743	693,308	884,007
- Office Software and Services	1,557,210	913,700	786,218	536,111
Gross Profit	2,523,732	2,172,344	1,207,867	1,202,196
Operating Profit	741,885	933,888	229,824	548,729
Profit Attributable to Owners of the Parent	165,236	9,157,588	48,664	9,151,331
Basic Earnings Per share (RMB)	0.12	6.70	0.04	6.69

(24 August 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 2021 interim results and its second quarter results for the period ended 30 June 2021.

For the first half of 2021, the revenue of Kingsoft increased 17% year-on-year to RMB3,039.1 million. Revenue from office software and services business increased 70% year-on-year to RMB1,557.2 million. Revenue from office software and services and online games and others represented 51% and 49%, respectively, of the Company’s total revenue for the first half of 2021. Gross profit for the first half of 2021 increased 16% year-on-year to RMB2,523.7 million, while operating profit amounted to RMB741.9 million.

For the second quarter of 2021, the Company’s revenue increased 4% year-on-year to RMB1,479.5 million. Revenue from office software and services business increased 47% year-on-year to RMB786.2 million. Revenue from office software and services and online games and others represented 53% and 47%, respectively, of the Company’s total revenue for the second quarter of 2021. Gross profit for the second quarter of 2021 remained flat year-on-year and amounted to RMB1,207.9 million, while operating profit amounted to RMB229.8 million.

Mr. Jun LEI, Chairman of Kingsoft, commented, “We maintained a steady performance in all businesses in the first half of 2021. Kingsoft Office Group seized the opportunity for digital transformation and will continue to pursue the strategy of “multi-screen, cloud, content, AI and collaboration”. In the online

games business, we continued to focus our strategy on premium games, increase our investment in R&D and continuously expand new game genres.”

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added, “In the first half of 2021, revenue of the Company continued to grow steadily. Our total revenue came in at RMB3,039.1 million, up 17% year-on-year. Our office software and services business recorded a strong growth of 70% and 47% year-on-year, respectively, for the first half and second quarter of 2021. Our total revenue in the second quarter was RMB1,479.5 million, up 4% year-on-year.”

BUSINESS REVIEW

Office Software and Services

For the first half of 2021, revenue from office software and services business increased 70% year-on-year to RMB1,557.2 million. Revenue in the second quarter increased 47% year-on-year to RMB786.2 million. The rapid revenue increase was largely due to robust growth from licensing business and sustainable growth from subscription services business of Kingsoft Office Group. The revenue growth of licensing business was driven primarily by increasing demand for localization, as well as cloud and collaboration services from government and enterprises. The increase of subscription services business was mainly due to growing demand for cloud and collaboration services and enhancement of user stickiness from personal users.

In the second quarter of 2021. As the localization project has entered a mature period and customer demand increased significantly, we continued to witness a strong revenue growth from the localization project during this quarter. With the enhanced collaboration between the subsidiary, Beijing Suwell Technology Co., Ltd. (北京數科網維技術有限責任公司), and Kingsoft Office Group, the fixed-layout document format standards have been increasingly adopted by the market, thus further optimizing the localization business ecosystem. Our cloud and collaboration office solutions effectively promoted the cloud office migration and penetration in the government and enterprise market and it brought us strong year-on-year revenue growth for the sustainable licensing business. Kingsoft Office Group has also continued to develop the micro, small and medium-sized enterprise market. As of 30 June 2021, over 1 million micro, small and medium-sized enterprises covering 19 industries are registered users of WPS+. Kingsoft Office Group organized the 2021 Office Application Developer Conference in July and launched Document Open Platform, our first product enabling global office application developers to facilitate a digital office as well as digital transformation in the government and enterprise market in China.

Meanwhile, Kingsoft Office Group has continued to optimize the user experience, and improve its customer loyalty through the application of cloud and collaboration services. We continued to enhance the penetration within the public cloud market and promote the growth of the office subscription business. During the quarter, Kingsoft Office Group launched various new functions for the WPS membership services and further optimized the user experience. In April, Kingsoft Office Group organized a content ecosystem conference in Wuhan and strived to promote the transformation of our core WPS products from office tools to office services.

In the first half of 2021, Kingsoft Office Group began the transformation of internet advertising business. We took the initiative to further adjust the advertising strategy to reduce interruptions from advertisements to users and enhance users’ cross-platform collaboration experience. During the second

quarter of 2021, the internet advertising and promotion services business maintained a steady year-on-year growth with the increase in user base, while its proportion in office software and services business revenue continued to decline.

Online Games and others

Revenue from the online games and others business for the first half of 2021 amounted to RMB1,481.9 million and revenue for the second quarter of 2021 amounted to RMB693.3 million. In the second quarter, the online games business continued to enhance the core IP value of the JX series and to expand the development of new game genres. In April, the JX I: Gui Lai (劍網1：歸來) mobile game was successfully released in Vietnam. Among all Role Playing Games (RPG) games, the JX I: Gui Lai mobile game ranked first on both iOS and Android download charts in the first month of its debut. In May, the First-Person Shooting (FPS) game Bullet Angel was first released in Southeast Asia and got recommended by Google Play. In June, we released War of the Visions: Final Fantasy Brave Exvius, the latest game of the Final Fantasy Brave Exvius series developed by SQUARE ENIX, was released in China and it was also recommended by Apple Store.

In the coming quarters, the online games business will continue to focus on the long-term development of our classic IPs and to promote the launch of new games at the same time. We will celebrate the 12th anniversary of our flagship JX Online III Revamped PC game and launch a new expansion pack to further strengthen the longevity and vitality of our core IP. In addition, the JX World III mobile game will be launched within this year with a comprehensive upgrade in its visual design and gameplay.

Mr. Jun LEI concluded, “In the first half of 2021, we achieved a stable performance of our core businesses. Looking forward, we will continue to increase our investment in R&D, promote technological innovation, enhance technological capabilities, and develop new products and services. We will strive to bring the best experience to our users and customers and are committed to the sustainable growth of our business, bringing long-term value and returns to our shareholders and achieve a win-win situation for our 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 Kingsoft Office and Season. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall businesses 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 6,000 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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