



KINGSOFT ANNOUNCES 2020 ANNUAL AND FOURTH QUARTER RESULTS

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**Focus on Online Collaborative and Cloud Office Strategy
Solid Growth of Core Premium Games**

FINANCIAL HIGHLIGHTS

<i>RMB'000</i>	For the year ended 31 December		For the 3 months ended December 31	
	2020	2019 <i>(restated)*</i>	2020	2019 <i>(restated)*</i>
Revenue	5,594,243	4,371,087	1,605,510	1,481,414
- Online Games and Others	3,337,066	2,796,309	849,037	931,992
- Office Software and Services	2,257,177	1,574,778	756,473	549,422
Gross Profit	4,676,962	3,560,940	1,346,867	1,248,172
Operating Profit	1,855,134	1,012,806	559,767	511,912
Profit/(Loss) Attributable to Owners of the Parent**	10,045,043	(1,546,385)	220,562	(99,477)
Basic Earnings/(loss) Per Share (RMB)	7.35	(1.13)	0.16	(0.07)

(23 March 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 2020 annual results and fourth quarter results for the period ended 31 December 2020.

For the year of 2020, the revenue of Kingsoft increased 28% year-on-year to RMB5,594.2 million. Revenue from the online games and others and office software and services represented 60% and 40%, respectively, of the Company’s total revenue for the year of 2020. Gross profit for the year of 2020 increased 31% year-on-year to RMB4,677.0 million, while operating profit increased 83% year-on-year to RMB1,855.1 million.

For the fourth quarter of 2020, the Company’s revenue increased 8% year-on-year and 15% quarter-on-quarter to RMB1,605.5 million. Revenue from the online games and others and office software and services represented 53% and 47%, respectively, of the Company’s total revenue for the fourth quarter of 2020. Gross profit for the fourth quarter of 2020 increased 8% year-on-year and 16% quarter-on-quarter to RMB1,346.9 million, while operating profit increased 9% year-on-year and 55% quarter-on-quarter to RMB559.8 million.

** 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 (“Kingsoft Cloud”) and its subsidiaries (collectively, “Kingsoft Cloud Group”) before the deemed disposal have been presented as a discontinued operation of the Group.*

*** 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 RMB10,201.3 million (2019: loss of RMB1,380.7 million) for the year ended 31 December 2020.*

Mr. Jun LEI, Chairman of Kingsoft, commented, “In a landmark year, we took advantage of the industry trend to expand our core businesses. Kingsoft Office Group seized the opportunity presented by the digital transformation efforts across industries to introduce online collaborative office tools and brought high-quality products and services to a larger group of users. Meanwhile, we made continuous efforts to strengthen the research and development capabilities of premium games, maintaining longevity and vitality of core games and achieved steady growth. We believe that our efforts will lay a solid foundation for the future expansion of the office service market and our presence in the gaming market.”

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added, “We achieved a solid growth in 2020, with our revenue up 28% year-on-year to RMB5,594.2 million. The momentum continued in both office software and services’ businesses as well as online games and others, with revenue of the segments surging by 43% and 19% year-on-year respectively. In tandem with our strong revenue growth, our operating profit increased 83% year-on-year to RMB1,855.1 million during the year.”

BUSINESS REVIEW

Office Software and Services

For the year of 2020, office software and services business achieved outstanding performance, with revenue increasing significantly by 43% year-on-year to RMB2,257.2 million. Revenue for the fourth quarter of 2020 increased 38% year-on-year and 29% quarter-on-quarter to RMB756.5 million. In 2020, Kingsoft Office Group provided more high-quality cloud-based collaboration and office application services for enterprises and individual users. For government and enterprise businesses, Kingsoft Office Group is committed to accelerate the development within the industry and has assisted in the formulation of certain office application and services standards. In addition, Kingsoft Office Group have completed product adaptation with its developer partners and consolidated co-operation with other core hardware and software suppliers, which further optimized the office ecosystem development.

Riding the wave of remote working, online collaboration has become the new core product strategy for Kingsoft Office Group, and a series of online collaboration products have been launched in 2020. In addition, Kingsoft Office Group has launched WPS+ cloud services for micro, small and medium enterprises. As a beneficiary of rising demand due to increased remote working amid the pandemic, the market penetration and customer loyalty of WPS+ cloud services have significantly improved.

Kingsoft Office Group’s personal subscription business achieved outstanding performance during the year, driven by the rapid growth in the number of WPS members. Kingsoft Office Group focused on expanding content and resources to promote the organic growth of WPS members, and key operational indicators of personal cloud services grew rapidly. Kingsoft Office Group also expanded its sales and marketing channel to enhance the penetration of the paying subscribers.

In addition, WPS Office will feature as one of the second-level examination subjects in the National Computer Rank Examination, demonstrating significant progress in terms of the awareness of its office software solutions in China.

Forging ahead, Kingsoft Office Group will continue to adhere to technological empowerment and user-oriented principles, aiming to drive office innovations for individual and enterprise users globally.

Online Games and Others

Revenue from the online games business and others for the year of 2020 increased 19% year-on-year to RMB3,337.1 million. Revenue for the fourth quarter of 2020 increased 5% quarter-on-quarter to RMB849.0 million. The steady year-on-year growth was mainly attributable to the online games business's focus in product development and the stable growth of core premium games. JX Online III PC game and other PC games of the JX series have achieved double-digit growth during the year. In the fourth quarter, the anniversary expansion pack Feng Tian Zheng Dao (奉天證道) was launched for the JX Online III PC game. The online games business also recorded stable performance in its mobile games. The mobile game Double Life World (雙生視界) was launched in South Korea in 2020, and it had won Google Play's Best Innovative Games of 2020 award in South Korea.

The online games business continued to enhance the influence of JX IP and made strong efforts to expand its presence in the cultural and creative industries. JX Online III — The Adventure of Shen Jianxin in Chang'an (劍網3•俠肝義膽沈劍心之長漂), an animation series based on the JX Online III PC game was released on Bilibili in October 2020 and was much welcomed by gamers. The online games business also started to work on multiple film and television production projects based on the JX IP in 2020.

Looking forward to 2021, the online games business will continue to place emphasis on the JX series to drive sustained growth. At the same time, it will continue to invest in research & development of new game genres and operation, aiming to enhance its competitiveness within the overall gaming industry.

Mr. Jun LEI concluded, "Amidst a turbulent economic environment and global COVID-19 pandemic in 2020, we still managed to achieve a solid performance. Looking ahead, we will continue to focus on our office software and service business, and continue to deepen our online collaborative and cloud office strategy, aiming to improve the industry's ecological development and our core competitive advantages. Regarding our online games business, we will continue to maintain the solid development of our core games while bringing new game genres to further strengthen our development in the online games business. We remain confident of a robust operational outlook and sustained growth for 2021."

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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