KINGSOFT®

KINGSOFT ANNOUNCES FIRST QUARTER 2024 RESULTS

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Continuously Upgardes WPS 365
Actively Refines Prime Games

FINANCIAL HIGHLIGHTS

RMB'000	For the 3 months ended March 31	
	2024	2023
Revenue	**2,136,875**	1,970,307
- Office software and services	**1,225,349**	1,051,652
- Online games and others	**911,526**	918,655
Gross Profit	**1,740,653**	1,625,393
Operating Profit	**601,578**	460,302
Profit Attributable to Owners of the Parent	**284,570**	192,343
Basic Earnings Per share *(RMB)*	**0.21**	0.14

(22 May 2024 – Hong Kong) **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; HKEx stock code: 03888), a leading Chinese software and Internet service company, has Announces First Quarter Results for the Period Ended March 31, 2024.

In the first quarter of 2024, the revenue of Kingsoft increased 8% year-on-year to RMB2,136.9 million. Among them, revenue from the office software and services, and online games and others represented 57% and 43% of the Group's total revenue for the first quarter of 2024, respectively. Gross profit for the first quarter of 2024 increased 7% year-on-year to RMB1,740.7 million, while operating profit was RMB601.6 million increased 31% year-on-year.

Mr. Jun LEI, Chairman of Kingsoft, commented: "We are off to a good start in 2024 with solid performance. With opportunities arising from the booming digital economy, Kingsoft Office Group focuses on AI and collaboration, deepening the R&D and commercialization of related products, and actively advances the implementation of new productive forces in the office field. Online games business maintains the strategy of prime games, focusing on deepening and expanding the classic JX online series while continuously exploring new game genres. In the future, we will continue to dig deeper into the office and gaming fields, and with the help of technology and innovation, we will continue to enhance our core competitiveness and strive to bring more returns to our users and investors."

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added: "In the first quarter, the Group demonstrated steady financial performance. The total revenue for the first quarter amounted to RMB2,136.9 million, representing a year-on-year increase of 8%, among which the revenue from the office software and services business was RMB1,225.3 million, representing a year-on-year increase of 17%, this was primarily driven by the growth of both domestic individual office subscription business and institutional subscription business. The operating profit of the Group for the first quarter increased remarkably to RMB601.6 million, marking a 31% year-on-year growth. The above achievements reflect our insistence on technology as the core, customer-oriented, and continuous improvement of products and services to bring users excellent experience."

BUSINESS REVIEW

Office Software and Services
Revenue from the office software and services business for the first quarter of 2024 increased 17% year-on-year to RMB1,225.3 million. The year-on-year increase was mainly due to the growth of domestic individual office subscription business, institutional subscription business and institutional licensing business of Kingsoft Office Group, partially offset by the decreased internet advertising business. The growth of domestic individual office subscription business was mainly attributable to the increases in both the user stickiness and paying ratio, resulting from enriched membership benefits. The growth of domestic institutional subscription business was mainly because we continuously promoted the transformation to subscription models, as the launch of WPS 365, the new productive forces in office. The increase of institutional licensing business was mainly driven by purchase orders on localization solutions. The decrease of internet advertising business was mainly due to the shut-down of the domestic third-party advertising business at the end of 2023.

Kingsoft Office Group continued optimizing its product portfolio to support intelligent office solutions. In terms of domestic individual subscription business, we continuously enriched the membership benefits to enhance user stickiness and paying ratio. With regard to domestic institutional subscription business, we kept improving the product system, enhancing service experience, expanding ecosystem channels, and actively promoting the transformation to cloud and collaboration office. Driven by orders in the localization industry, the institutional licensing business achieved growth. In March, WPS AI began its initial commercialization. In April, we launched upgraded WPS 365, the new productive forces in office, covering the upgraded versions of WPS Office, WPS AI Enterprise Edition, and WPS Collaboration, and providing users with one-stop AI office solutions.

Online Games and others
Revenue from the online games and others business for the first quarter of 2024 decreased 1% year-on-year. The slight year-on-year decrease was primarily due to a natural decline in revenue from certain existing games, partially offset by revenue contribution from titles released in the second half of 2023.

The online gaming business maintained the strategy of prime games in the first quarter of 2024. The flagship JX3 Online demonstrated resilience and vitality, maintaining steady performance. For the mobile version JX3 Ultimate (劍網 3 無界), we initiated extensive testing in collaboration with players to continuously improve the game quality. It is expected to be launched in June 2024, realizing full-platform accessibility for the flagship JX3 Online, and offering players unified gaming experience across multiple platforms. We also achieved phased progress in exploring new game genres, upheld the principle of user-first and paid high attention to user feedback and suggestions. We actively operated the anime shooter game, Snowbreak: Containment Zone, which achieved significant increases in both daily active users and gross receipts in the first quarter. The sci-fi game Mecha BREAK (解限機) received the license approval in March 2024, and is undergoing testing and continuous optimization in Chinese Mainland and overseas regions, while maintaining in the top 100 of the Steam Global Wishlist since its debut.

Mr. Jun LEI concluded, "Looking ahead, Kingsoft Office Group will remain dedicated to investing in R&D of AI and collaboration, continuously exploring the application of WPS AI in office scenarios across various industries. Online games business will keep focusing on prime games, listening to user feedback and providing high-quality gaming experience. We firmly believe that these efforts will strengthen the Group's core competitiveness and lay a solid foundation for our long-term 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, Seasun 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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