



KINGSOFT ANNOUNCES 2023 THIRD QUARTER RESULTS

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Kingsoft Office Group Focuses on AI and Collaboration

Online Games Business Continues to Iterate on High-Quality Games

FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the three months ended		
	30 September 2023	30 September 2022	30 June 2023
Revenue	2,059,679	1,837,127	2,193,490
- Office Software and Services	1,098,325	1,004,726	1,120,845
- Online Games and Others	961,354	832,401	1,072,645
Gross Profit	1,676,854	1,466,175	1,831,846
Operating Profit	376,073	331,770	675,713
Profit/(Loss) Attributable to Owners of the Parent	28,492	(6,054,914)	57,187
Basic Earnings/(Loss) per Share (RMB)	0.02	(4.44)	0.04

(21 November 2023 – 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 30 September 2023 ("period under review").

For the third quarter of 2023, Kingsoft's total revenue reached approximately RMB2,059.7 million, representing an increase of 12% from the same period last year. In particular, revenue from the office software and services business amounted to approximately RMB1,098.3 million, representing a year-on-year increase of 9% and accounting for 53% of the total revenue, while revenue from the online games and others business amounted to approximately RMB961.4 million, representing a year-on-year increase of 15% and accounting for 47% of the total revenue. Gross profit amounted to approximately RMB1,676.9 million, representing a year-on-year increase of 14%. Operating profit amounted to approximately RMB376.1 million, representing a year-on-year increase of 13%.

Mr. Jun LEI, Chairman of the Company, commented, "In the third quarter, our core businesses have made steady progress. Focusing on the priority strategies of 'artificial intelligence ("AI")' and 'collaboration', Kingsoft Office Group continuously optimized the AI performance of products. Online games business continued to iterate and upgrade self-developed premium games."

Mr. Tao ZOU, Chief Executive Officer of the Company, added, "In the third quarter, the Group maintained stable financial performance. The total revenue was RMB2,059.7 million, representing a year-on-year increase of 12%, mainly due to the steady growth of JX3 Online and the sustainable growth in subscription businesses of both individuals and institutions from Kingsoft Office Group. "

BUSINESS REVIEW

Office Software and Services

For the third quarter of 2023, Revenue from the office software and services business increased 9% year-on-year and decreased 2% quarter-on-quarter to RMB1,098.3 million. The year-on-year increase was mainly due to the growth of Kingsoft Office Group's domestic individual office subscription business and institutional subscription business partially offset by the decrease in revenue from domestic institutional licensing business. The slight quarter-on-quarter decrease was mainly due to declined institutional licensing business, partially offset by the sustainable growth of institutional subscription business.

During the period under review, for individual office subscription business, Kingsoft Office Group optimized its membership system, improved user experience across its products, and achieved steady increases in both the paying ratio and the average revenue per paying user. To enhance the AI performance of products, Kingsoft Office Group invested in independent development of small and medium-sized models. We have reached strategic cooperation with Alibaba Cloud and iFlytek to jointly build a digital and intelligent service ecosystem.

Regarding institutional subscription business, Kingsoft Office Group actively promoted cloud integration and collaborative office progress for government and enterprises, and developed high-quality digital office solutions to assist them in the digital transformation. Through WPS 365, Kingsoft Office Group continued to facilitate customers' adoption of cloud and collaborative applications, and made significant progress in expanding user base in micro, small and medium-sized enterprises. In order to strengthen regional service construction, Kingsoft Office Group organized a series of digital office activities in many cities in China and continuously expanded penetration in multiple industries including energy, education and finance.

Online Games and Others

Revenue from the online games and others business for the third quarter of 2023 increased 15% year-on-year and decreased 10% quarter-on-quarter to RMB961.4 million. The year-on-year increase was mainly due to revenue growth from JX3 Online and revenue contribution from Snowbreak: Containment Zone (塵白禁區) launched in July, partially offset by decreased revenue from existing games. The quarter-on-quarter decrease was primarily attributed to the decline in revenue from JX3 Online, which had a relatively high base in the second quarter.

During the period under review, JX3 Online updated constantly and sustained good atmosphere in the player community. In August, JX3 Online celebrated the 14th anniversary with players. In October, it launched the beta test with ultimate graphic quality and a new expansion pack, ensuring the ongoing success of the IP. World of Sword Origin (劍俠世界：起源) was transformed from PC game through optimizing and upgrading the graphics and gameplay details while retaining traditional 2D graphics and

classic gameplay. This mobile game was released in China in September and received recognition from players. We also optimized the anime game Snowbreak: Containment Zone (塵白禁區) on an ongoing basis. Looking forward, the mobile version of JX3 Ultimate (劍網3無界) has received the license approval and is expected to be launched in the first half of next year to achieve cross-platform operation.

Mr. Jun LEI concluded, "In the third quarter, we committed to refining and optimizing our core products and services. Going forward, Kingsoft Office Group will continue to focus on AI and collaboration, restructure office software, to provide users with intelligent product experience. Meanwhile, online games business will continue to develop premium games and maintain long-term operations to better serve players. We will remain our focus on investing in the R&D of our core businesses, to enhance our core competencies and achieve high-quality and sustainable growth."

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 major 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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