



KINGSOFT ANNOUNCES 2020 THIRD QUARTER RESULTS

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WPS Office Enhanced Technological Abilities and Established a Comprehensive Ecosystem for Office Products
Online Games Business Expanded Development Plans for Long-term Growth Potential

FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the three months ended		
	30 September 2020	30 September 2019 <i>(Restated)*</i>	30 June 2020
Revenue	1,397,290	1,046,601	1,420,118
- Online Games	788,206	663,491	869,162
- Office Software and Services and Others	609,084	383,110	550,956
Gross Profit	1,157,751	827,239	1,202,196
Operating Profit	361,479	164,018	548,729
Profit Attributable to Owners of the Parent**	666,893	36,061	9,151,331
Basic Earnings Per Share (RMB)	0.49	0.03	6.69

(17 November 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 30 September 2020 (“period under review”).

During the period under review, the revenue of Kingsoft increased 34% year-on-year to RMB1,397.3 million. Revenue from online games and office software and services and others represented 56% and 44% respectively of total revenue. Gross profit for the third quarter increased 40% year-on-year to RMB1,157.8 million, while operating profit increased 120% year-on-year to RMB361.5 million.

Mr. Jun LEI, Chairman of Kingsoft, commented, “The Company maintained a steady performance in the third quarter of 2020. Our outstanding results are mainly attributed to the increasing market recognition of our Kingsoft Office business as well as our continuous innovation in premium games. Regarding office software, Kingsoft Office’s licensing business and subscription services have been rapidly growing year-on-year. We continued to explore technology enhancement in the office software industry, optimize our

** 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 RMB686.7 million, RMB80.9 million and RMB9,193.7 million for the three months ended at 30 September 2020, 30 September 2019 and 30 June 2020, respectively.*

user experience and strengthen our competitive advantages in online collaborative office products. In the online games sector, we will further pursue product innovation and enhance our capabilities in product development and operation, so as to expand our game categories.”

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added, “In the third quarter, our total revenue reached RMB1,397.3 million, up 34% year-on-year showing strong resilience despite the impact of the pandemic. Both of our office software and services and other business, as well as online games business have maintained strong revenue momentum as they were up 59% and 19% year-on-year respectively in the third quarter”

BUSINESS REVIEW

Office Software and Services and Others

Revenue from the office software and services and others for the third quarter of 2020 increased 59% year-on-year to RMB609.1 million. In software licensing business, business from government and enterprise markets maintained a rapid growth. Kingsoft Office has further enhanced its services and brand influence in several regional government and enterprise markets, as the Company continued to strengthen its technology capabilities and marketing efforts. Kingsoft has also maintained close cooperation with leading customers in traditional industries.

Kingsoft Office organized the 2nd Office Application Developer Conference in the third quarter of 2020 and brought together a diverse group of near 200 developers in its ecosystem. Kingsoft Office has launched innovative products such as WPS Document Writing and WPS Docs Online Preview during the period, and fully integrated the Linux version of Sogou Input Method into WPS for Linux Edition. Kingsoft Office has acquired Beijing Suwell Technology Co., Ltd. (北京數科網維技術有限責任公司) in the third quarter. Going forward, Kingsoft Office and Suwell’s collaboration in technology and product developments will drive the fixed-layout document format standards for government and enterprise customers.

During the quarter, Kingsoft Office’s personal subscription services maintained its rapid growth. The Company continued to explore innovative channels for marketing such as live-streaming e-commerce. In addition, WPS Docs has become the official office software supplier for the 31st Summer World University Games, and Kingsoft launched the WPS Office Education Edition. Kingsoft Office also entered into a smart office cooperation framework agreement with Tsinghua University, which further strengthened our presence in different market segments.

Online Games

In the third quarter, revenue from the online games business reached to RMB788.2 million, represented a 19% growth year-on-year, mainly attributable to the continuous growth of the flagship JX Online III PC game. On 28 August 2020, Kingsoft celebrated the 11th anniversary of JX Online III PC game and shared with gamers the latest development of its technological innovation and content creation. In addition, Kingsoft introduced its development plans in film and television, music, animation, theatrical plays and e-sports which will help to further increase its user base and bring long-term growth potential to the core IP. On 29 October 2020, Kingsoft launched Feng Tian Zheng Dao (奉天正道), the anniversary expansion pack for JX Online III PC game, with a new season and enriched content, which brought players a better gaming experience. In addition, JX Online I mobile game has been renamed as New JX Online I: Yuan Qi Wang You (新劍俠情緣：緣起忘憂) with an all-new game appearance and received positive feedbacks from the players.

Mr. Jun LEI concluded, “In the third quarter, we once again demonstrated stable performance across all business divisions amidst a turbulent economic environment and complex international situations. We are confident in our strategy, business model, operation resilience and our prospects going forward. We will further strengthen our research and development capabilities, improve operational efficiency and promote product and service innovation. We will strive to provide our customers with excellent user experience, so as to achieve a sustainable growth in our business and create fruitful returns for our shareholders and business 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 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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