



KINGSOFT ANNOUNCES 2022 INTERIM AND SECOND QUARTER RESULTS

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Kingsoft Office Group Continues to Pursue “Multi-screen, Cloud, Content, AI and Collaboration” Product Strategy Online Games Business Maintains 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	
	2022	2021	2022	2021
Revenue	3,687,167	3,039,133	1,834,152	1,479,526
- Office Software and Services	1,795,694	1,557,210	924,576	786,218
- Online Games and Others	1,891,473	1,481,923	909,576	693,308
Gross Profit	2,969,986	2,523,732	1,467,655	1,207,867
Operating Profit	918,179	741,885	418,728	229,824
Profit/(Loss) Attributable to Owners of the Parent	(40,026)	165,236	(139,412)	48,664
Basic Earnings/(Loss) per Share (RMB)	(0.03)	0.12	(0.10)	0.04

(23 August 2022 – 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 2022 interim results and its second quarter results for the period ended 30 June 2022.

For the first half of 2022, the revenue of Kingsoft increased 21% year-on-year to RMB3,687.2 million. Revenue from office software and services business increased 15% year-on-year to RMB1,795.7 million. Revenue from online games and others increased 28% year-on-year to RMB 1,891.5 million. Revenue from office software and services and online games and others represented 49% and 51%, respectively, of total revenue for the first half of 2022. Gross profit for the first half of 2022 increased 18% year-on-year to RMB2,970.0 million, while operating profit amounted to RMB918.2 million.

For the second quarter of 2022, the Company’s revenue increased 24% year-on-year to RMB1,834.2 million. Revenue from office software and services business increased 18% year-on-year to RMB924.6 million. Revenue from online games and others business increased 31% year-on-year to RMB909.6 million. Revenue from office software and services and online games and others represented 50% and 50%, respectively, of total revenue for the second quarter of 2022. Gross profit for the second quarter of 2022 increased 22% year-on-year to RMB1,467.7 million, while operating profit increased 82% year-on-year to RMB418.7 million.

Mr. Jun LEI, Chairman of the Company, commented, “Despite the challenges posed by the recurrence of the pandemic, we remained focused on our strategy and achieved satisfactory results in our core

businesses. Kingsoft Office Group is committed to empowering the digital transformation of institutional users while enhancing the cloud office user experience for individual users. We focus on technological empowerment, product innovation, service enhancement as well as marketing channel and eco-system expansion. Meanwhile, we continue to pursue the product strategy of ‘multi-screen, cloud, content, artificial intelligence (“AI”) and collaboration’ and have achieved good operational performance. Regarding our online games business, we adhere to a strategy on premium games and focus on technology innovation, as well as constant cultural facets enrichment, which promote further game development.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “For the second quarter of 2022, the Company’s revenue increased 24% year-on-year to RMB1,834.2 million. Driven by the growth of subscription revenue from individual and institutional subscription businesses, our office software and services business increased by 18% year-on-year during the second quarter of 2022. Our online games and other business increased by 31% year-on-year during the second quarter of 2022, primarily driven by the contribution of mobile games launched in the fourth quarter of 2021 such as JX World III (劍俠世界 3) and JX I: Gui Lai (劍網 1 歸來).”

BUSINESS REVIEW

Office Software and Services

During the quarter, the revenue of office software and services increased 18% year-on-year to RMB924.6 million. Individual subscription business sustained growth momentum. Based on the continuous enhancement of cloud office experience, Kingsoft Office Group developed and introduced various new functions dedicated to specific scenarios to drive the active use of cloud services and continuous increase in subscription payment. We remained focused on attracting more long-term paying users and the number of premium subscribers continued increasing.

In response to the government departments demand for digital management, end-to-cloud integration and mobile office, our products are highly compatible with government office systems, which assist the government in achieving informatization gradually and realizing centralized document management, effective and efficient file application, collaboration features, security control etc. In response to soaring demand for digital transformation among enterprises, our core products focus on solving pain points such as uploading documents to the cloud and ensuring file transfer security through continued optimization and the assistance of quality customer services.

Kingsoft Office Group has closely monitored the localization industry trend. As the localization gradually penetrates into local government, we take the initiative to tap those markets. Driven by favorable policies and industry demand, our penetration in the industry localization continues to increase. In addition, demand for integrated end-to-cloud products from customers in the localization industry, such as finance, energy and telecommunications, also continues to grow. We have further optimized the re-flowable and fixed-layout document format standards of our localization products to provide an efficient and integrated user experience, which would further strengthen the competitiveness of our products.

Kingsoft Office Group continued to strategically play down its advertising business by reducing the number of advertising spaces and the frequency of push notifications. Since we strived to improve the quality of clicks and reduce user interference, our advertising business was undergoing a steady and gradual decline.

Online Games and Others

During the quarter, the revenue of online games and other business increased by 31% year-on-year to RMB909.6 million. Our flagship JX Online III PC game remained stable. Upon the launch of the non-

deleting test in China at the end of last year, JX World III maintained an outstanding reputation and a high popularity among gamers. In addition, the game launched in Hong Kong, Macau and Taiwan during the quarter and achieved an excellent performance.

Looking ahead to the third quarter, we launched the open beta across all platform and a new section for JX World III and will celebrate the 13th anniversary of JX Online III PC game. Through continuous content upgrade and technology innovation, we strive to sustain the vitality of our core IP. Meanwhile, we also uphold our corporate responsibility and continue to explore the social value of our games. Biphas (雙相), our initial self-developed charity game which focuses on bipolar disorder, has received multiple awards and acclamation from international gaming authorities upon its debut overseas last year. In addition, the game has also received the license approval in July this year and is scheduled for launch in China.

Mr. Jun LEI concluded: “In the second quarter, we embraced the change of the complex environment and achieved further development by continuously enhancing our products and services. Looking ahead, the Group will adhere to technological empowerment, maintain our investment in R&D and enhance operational efficiency. We will keep focusing on our core strategies, adhere to integrity and innovation to empower our users and partners and create long-term returns for our shareholders.”

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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