



## KINGSOFT ANNOUNCES 2023 INTERIM AND SECOND QUARTER RESULTS

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**AI Product Deployment Accelerates; Subscription Business Continues to Grow**

**JX Online III Delivers Impressive Results**

**Snowbreak: Containment Zone(塵白禁區) Expands into Global Markets**

### FINANCIAL HIGHLIGHTS

<b>RMB'000 (Unaudited)</b>	<b>For the 6 Months Ended June 30</b>		<b>For the 3 Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>	<b>4,163,797</b>	3,687,167	<b>2,193,490</b>	1,834,152
- Office Software and Services	<b>2,172,497</b>	1,795,694	<b>1,120,845</b>	924,576
- Online Games and Others	<b>1,991,300</b>	1,891,473	<b>1,072,645</b>	909,576
<b>Gross Profit</b>	<b>3,457,239</b>	2,969,986	<b>1,831,846</b>	1,467,655
<b>Operating Profit</b>	<b>1,136,015</b>	918,179	<b>675,713</b>	418,728
<b>Basic Earnings/(Loss) per Share (RMB)</b>	<b>0.18</b>	(0.03)	<b>0.04</b>	(0.10)

(22 August 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 2023 interim results and its second quarter results for the period ended 30 June 2023.

For the first half of 2023, the revenue of Kingsoft increased 13% year-on-year to RMB4,163.8 million. Revenue from office software and services business increased 21% year-on-year to RMB2,172.5 million. Revenue from online games and others increased 5% year-on-year to RMB1,991.3 million. Revenue from office software and services and online games and others represented 52% and 48%, respectively, of total revenue for the first half of 2023. Gross profit for the first half of 2023 increased 16% year-on-year to RMB3,457.2 million, while operating profit increased 24% year-on-year to RMB1,136.0 million.

For the second quarter of 2023, the Company’s revenue increased 20% year-on-year to RMB2,193.5 million. Revenue from office software and services business increased 21% year-on-year to RMB1,120.8 million. Revenue from online games and others business increased 18% year-on-year to RMB1,072.6 million. Revenue from office software and services and online games and others represented 51% and 49%, respectively, of total revenue for the second quarter of 2023. Gross profit for the second quarter of 2023 increased 25% year-on-year to RMB1,831.8 million, while operating profit increased 61% year-on-year to RMB675.7 million.

**Mr. Jun LEI, Chairman of the Company, commented,** “Our core businesses achieved robust growth in

the second quarter of 2023. Kingsoft Office Group has seized emerging opportunities brought about by large language models (“LLMs”), actively engages in product development within this field to enhance users’ work efficiency. Meanwhile, the Group addresses the digital transformation needs of organizational users, aligning with the ‘multi-screen, cloud, content, artificial intelligence (“AI”), collaboration’ strategy, presenting solid growth in its business performance. Online games business focuses on developing premium games. Flagship JX Online III continued to enjoy popularity among players and achieved record-high quarterly gross billings. Anime game Snowbreak: Containment Zone (塵白禁區) expanded our user base and tapped into international markets, showcasing our determination to explore new game genres and global markets. The steady progress of our core businesses provides a solid foundation for the execution of our strategy.”

**Mr. Tao ZOU, Chief Executive Officer of the Company,** added, “The Group achieved strong revenue growth in the second quarter, reaching RMB2,193.5 million, marking a year-on-year increase of 20%. This growth was primarily driven by the exceptional performance of the JX Online III and sustainable growth in subscription businesses of both individuals and institutions from Kingsoft Office Group. Operating profit amounted to RMB675.7 million, exhibiting a year-on-year growth of 61%. These achievements reflected our continuous efforts to enhance core competitiveness, getting well prepared to seize new opportunities.”

## **BUSINESS REVIEW**

### **Office Software and Services**

For the first half of 2023, revenue from office software and services business increased 21% year-on-year to RMB2,172.5 million. Revenue in the second quarter increased 21% year-on-year to RMB1,120.8 million. Kingsoft Office Group embraces the opportunities brought about by AI and introduced WPS AI, an intelligent office assistant based on LLMs, initiated its Open Beta overseas. The Group unveiled the spring version of WPS Office, enhancing product capabilities, and providing seamless cloud integration experience.

In individual subscription business, Kingsoft Office Group took comprehensive steps towards improving user experience. While adhering to a long-term membership strategy, we merged functional and resource-based memberships, upgrading the membership benefits structure, and offered tailored benefits for specific needs.

Related to institutional subscription business, Kingsoft Office Group continued promoting cloud integration and collaborative office progress and delving into business scenarios for government and enterprises. The Group deepened product capabilities to serve industries such as finance, energy, publishing, healthcare, and high-end manufacturing. This involved incubating secure and efficient industry-specific solutions, aiming at enhancing organizational efficiency for institutions. We consistently expanded our ecosystem, and jointly built digital office application scenarios with partners.

Kingsoft Office Group has closely monitored the localization industry policy changes and customer demand, and taken the initiative to tap local government and industry localization markets in advance. In terms of overseas business, based on a solid foundation in the mobile sector, we continued to cultivate our user base on desktop platforms. Looking ahead, Kingsoft Office Group will uphold the service concept of “user first” and “relentless innovation”, ensuring that more users can easily enjoy the benefits of intelligent office solutions.

### **Online Games and Others**

In the first half of 2023, revenue from online games and others increased 5% year-on-year to

RMB1,991.3 million, and revenue for the second quarter of 2023 increased by 18% year-on-year to RMB1,072.6 million. Our online gaming business demonstrated outstanding performance over the quarter, reflecting our ability to sustain premium games' longevity. This success reflected in the increase in daily active users and gross billings of JX Online III. We have remained committed to enhancing the content and players experience of JX Online III, resulting in positive response. Self-developed game, Snowbreak: Containment Zone (塵白禁區), combining shooting gameplay and anime aesthetics, provided users with fresh and innovative gaming experience. This game was simultaneously launched on both PC and mobile platforms worldwide. It achieved instant acclaim by topping the free games chart on the iOS App Store in China, as well as in major international markets like the US, Japan, and South Korea upon its launch.

Looking ahead, we will maintain our commitment to a user-oriented approach, paying close attention to feedback and suggestions from our players. Meanwhile, we have been enhancing and optimizing our games to further enrich the user experience. In the fourth quarter, we plan to launch the upgrade version of JX Online III PC game, further extending the IP's vitality. Self-developed mobile game World of Sword Origin (劍俠世界：起源), which has received gaming license approval, is scheduled for release in Mainland China.

**Mr. Jun LEI** concluded: "We are confident in the future opportunities and challenges. The Group will manage core businesses steadily, drive innovation, create top-tier digital office services and premium gaming content for a global user base. We adhere to technology-driven business, committing to high-quality sustainable development, aiming to deliver better products and services to our users and create long-term value 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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