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Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2025

The board (“**Board**”) of directors (the “**Directors**”) of Kingsoft Corporation Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (the “**Group**” or “**Kingsoft**”) for the three months ended 30 September 2025.

FINANCIAL HIGHLIGHTS

	For the three months ended			Year-on-year Change %	Quarter-on- quarter Change %
	30 September	30 September	30 June		
	2025	2024	2025		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>		
Revenue	2,419,177	2,914,785	2,307,412	(17)	5
Operating profit	276,827	1,144,118	382,658	(76)	(28)
Profit attributable to owners of the parent	213,057	413,449	532,440	(48)	(60)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>		
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>		
Basic earnings per share	0.15	0.31	0.39	(52)	(62)
Diluted earnings per share	0.15	0.29	0.38	(48)	(61)

OPERATIONAL HIGHLIGHTS

Office Software and Services

	In September 2025	In September 2024	In June 2025	Year-on-year Change %	Quarter-on-quarter Change %
Monthly Active Devices of WPS Office Globally* (Million)	<u>669</u>	<u>615</u>	<u>651</u>	9	3

	As at 30 June 2025	As at 30 June 2024	Year-on-year Change %
Accumulated paying subscribers** (Million)	<u>41.79</u>	<u>38.15</u>	10

* Monthly Active Devices of WPS Office Globally are defined as the Monthly Active Devices of WPS Office across all platforms, excluding WPS Docs, Kingsoft Powerword and other products.

** Accumulated paying subscribers are defined as paying individual subscribers in the past twelve months (excluding onetime purchase) in Mainland China.

The unaudited condensed consolidated statements of profit or loss, comprehensive income, financial position and cash flows of the Group are listed below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the three months ended		
	30 September 2025 <i>RMB'000</i> (Unaudited)	30 September 2024 <i>RMB'000</i> (Unaudited)	30 June 2025 <i>RMB'000</i> (Unaudited)
Revenue			
Office software and services	1,521,263	1,206,815	1,355,653
Online games and others	897,914	1,707,970	951,759
	<u>2,419,177</u>	<u>2,914,785</u>	<u>2,307,412</u>
Cost of revenue	<u>(475,277)</u>	<u>(460,341)</u>	<u>(453,784)</u>
Gross profit	1,943,900	2,454,444	1,853,628
Research and development costs	(899,545)	(860,931)	(853,753)
Selling and distribution expenses	(564,435)	(364,929)	(424,031)
Administrative expenses	(177,887)	(165,961)	(173,641)
Share-based compensation costs	(80,046)	(58,291)	(71,090)
Other income	60,327	142,106	53,909
Other expenses	<u>(5,487)</u>	<u>(2,320)</u>	<u>(2,364)</u>
Operating profit	276,827	1,144,118	382,658
Other gains/(losses), net	12,862	(63,490)	442,852
Finance income	167,359	183,930	165,505
Finance costs	(1,575)	(44,416)	(9,456)
Share of profits and losses of:			
Joint ventures	(10,300)	(9,366)	(7,637)
Associates	<u>4,611</u>	<u>(427,564)</u>	<u>(170,109)</u>
Profit before tax	449,784	783,212	803,813
Income tax expense	<u>(66,283)</u>	<u>(31,231)</u>	<u>(104,251)</u>
Profit for the period	<u>383,501</u>	<u>751,981</u>	<u>699,562</u>
Attributable to:			
Owners of the parent	213,057	413,449	532,440
Non-controlling interests	<u>170,444</u>	<u>338,532</u>	<u>167,122</u>
	<u>383,501</u>	<u>751,981</u>	<u>699,562</u>
	<i>RMB</i> (Unaudited)	<i>RMB</i> (Unaudited)	<i>RMB</i> (Unaudited)
Earnings per share attributable to ordinary equity holders of the parent			
Basic	<u>0.15</u>	<u>0.31</u>	<u>0.39</u>
Diluted	<u>0.15</u>	<u>0.29</u>	<u>0.38</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended		
	30 September 2025 RMB'000 (Unaudited)	30 September 2024 RMB'000 (Unaudited)	30 June 2025 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	383,501	751,981	699,562
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation into presentation currency	(1,574)	62,050	52,993
Reclassification to profit or loss from deemed disposal of associates	(2,089)	(2,883)	(2,530)
Share of other comprehensive income/(loss) of associates	(45,860)	(57,873)	11,947
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(49,523)	1,294	62,410
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences of the Company on translation into presentation currency	3,812	(76,498)	(123,618)
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value, net of tax	—	—	(8,462)
Share of other comprehensive loss of an associate	(1,112)	(5,046)	—
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	2,700	(81,544)	(132,080)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(46,823)	(80,250)	(69,670)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	336,678	671,731	629,892
Attributable to:			
Owners of the parent	167,393	336,354	465,729
Non-controlling interests	169,285	335,377	164,163
	336,678	671,731	629,892

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	2,330,548	2,215,482
Investment properties	160,116	164,075
Right-of-use assets	313,513	335,986
Goodwill	185,564	185,564
Other intangible assets	83,810	83,944
Investments in joint ventures	801,380	831,645
Investments in associates	3,968,070	3,484,092
Equity investments designated at fair value through other comprehensive income	—	17,814
Financial assets at fair value through profit or loss	566,196	551,270
Deferred tax assets	101,924	137,223
Other non-current assets	37,040	36,983
Total non-current assets	8,548,161	8,044,078
CURRENT ASSETS		
Inventories	12,127	11,465
Trade receivables	735,063	698,070
Prepayments, other receivables and other assets	2,380,529	2,945,726
Financial assets at fair value through profit or loss	3,396,168	2,764,308
Restricted cash	2,968	5,806
Cash and bank deposits	22,683,274	23,815,022
Total current assets	29,210,129	30,240,397
CURRENT LIABILITIES		
Trade payables	557,226	478,381
Interest-bearing bank loans	10,000	—
Other payables and accruals	1,247,853	2,056,722
Lease liabilities	8,739	22,533
Contract liabilities	2,895,221	2,822,856
Income tax payable	181,791	343,107
Liability component of convertible bonds	—	2,985,899
Derivative financial instrument	—	7,116
Total current liabilities	4,900,830	8,716,614
NET CURRENT ASSETS	24,309,299	21,523,783
TOTAL ASSETS LESS CURRENT LIABILITIES	32,857,460	29,567,861

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 September 2025 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT LIABILITIES		
Contract liabilities	1,039,947	929,952
Deferred tax liabilities	227,955	205,294
Lease liabilities	9,580	11,782
Other non-current liabilities	5,730	8,431
Total non-current liabilities	1,283,212	1,155,459
NET ASSETS	31,574,248	28,412,402
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,420	5,187
Share premium account	3,842,283	1,439,985
Treasury shares	(264,581)	(137,342)
Equity component of convertible bonds	—	468,700
Reserves	21,743,874	20,679,746
	25,326,996	22,456,276
Non-controlling interests	6,247,252	5,956,126
TOTAL EQUITY	31,574,248	28,412,402

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three months ended		
	30 September 2025 <i>RMB'000</i> <i>(Unaudited)</i>	30 September 2024 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>
Net cash flows from operating activities	493,918	1,387,306	767,012
Net cash flows (used in)/from investing activities	(958,823)	(1,402,903)	2,053,018
Net cash flows used in financing activities	<u>(237,382)</u>	<u>(191,779)</u>	<u>(1,401,077)</u>
Net (decrease)/increase in cash and cash equivalents	(702,287)	(207,376)	1,418,953
Cash and cash equivalents at beginning of the period	4,592,697	2,430,983	3,187,512
Effect of foreign exchange rate changes, net	<u>(20,430)</u>	<u>(21,124)</u>	<u>(13,768)</u>
Cash and cash equivalents at end of the period	3,869,980	2,202,483	4,592,697
Non-pledged time deposits with original maturity of over three months when acquired	<u>18,813,294</u>	<u>18,280,656</u>	<u>18,001,319</u>
Cash and bank deposits as stated in the condensed consolidated statement of financial position	<u>22,683,274</u>	<u>20,483,139</u>	<u>22,594,016</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company was incorporated under the Companies Act of the British Virgin Islands on 20 March 1998. On 15 November 2005, the Company was redomiciled to the Cayman Islands under the Company Law (2004 revision) of the Cayman Islands. The Company's shares (the "**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 9 October 2007.

The Group is principally engaged in the following activities:

- research and development and provision of WPS Office, WPS 365, WPS AI and other office products and services; and
- research and development of games, and provision of PC games, mobile games services, etc.

The interim condensed consolidated financial statements for the three months ended 30 September 2025 were approved and authorized for issue in accordance with a resolution of the Board on 19 November 2025.

2. Basis of preparation and changes in material accounting policies

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*, issued by International Accounting Standards Board.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of preparation and changes in material accounting policies (continued)

Changes in material accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards, except for the adoption of the following revised IFRS Accounting Standard for the first time for the current year's financial statements.

Amendments to IAS 21

Lack of Exchangeability

None of the above amendments to IFRS Accounting Standards has had a significant financial effect on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended 30 September 2025

Revenue

Revenue for the third quarter of 2025 decreased by 17% year-on-year and increased by 5% quarter-on-quarter to RMB2,419.2 million. Revenue from the office software and services business, and online games and others business represented 63% and 37% of the Group's total revenue for the third quarter of 2025, respectively.

Revenue from the office software and services business for the third quarter of 2025 increased by 26% year-on-year and 12% quarter-on-quarter to RMB1,521.3 million. The increases were mainly attributable to the growth of WPS software, WPS 365 and WPS individual businesses of Beijing Kingsoft Office Software, Inc. ("**Kingsoft Office**") and its subsidiaries (collectively, "**Kingsoft Office Group**"). The remarkable increase of WPS software business was primarily driven by the robust orders of localization projects. The rapid growth of WPS 365 business was mainly due to our continuous improvement in collaboration and artificial intelligence ("**AI**") products, as well as expansion of our customer base among private and local state-owned enterprises. The steady growth of WPS individual business was primarily attributable to increased number of paying subscribers, supported by our active promotion of AI features and refined operations.

Revenue from the online games and others business for the third quarter of 2025 decreased by 47% year-on-year and 6% quarter-on-quarter to RMB897.9 million. The decreases primarily reflected lower revenue from several existing games, partially offset by the revenue contribution from newly-launched games.

Cost of Revenue and Gross Profit

Cost of revenue for the third quarter of 2025 increased by 3% year-on-year and 5% quarter-on-quarter to RMB475.3 million. The year-on-year increase was primarily due to higher server and bandwidth costs, greater channel costs, as well as increased service costs of institutional clients along with the business growth of Kingsoft Office Group, partially offset by the lower channel costs of online games business. The quarter-on-quarter increase was primarily due to higher channel costs and increased server and bandwidth costs, both associated with online games business.

Gross profit for the third quarter of 2025 decreased by 21% year-on-year and increased by 5% quarter-on-quarter to RMB1,943.9 million. The Group's gross profit margin decreased by four percentage points year-on-year and kept flat quarter-on-quarter to 80%. The year-on-year decrease was mainly due to the decline in the revenue contribution from certain self-developed high-margin games.

Research and Development ("**R&D**") Costs

R&D costs for the third quarter of 2025 increased by 4% year-on-year and 5% quarter-on-quarter to RMB899.5 million. The year-on-year increase was mainly attributable to higher investments in AI and collaboration products, partially offset by lower accrued performance-based bonus. The quarter-on-quarter increase was mainly driven by increased headcount and AI-related expenses of Kingsoft Office Group.

Selling and Distribution Expenses

Selling and distribution expenses for the third quarter of 2025 increased by 55% year-on-year and 33% quarter-on-quarter to RMB564.4 million. The increases primarily reflected higher promotional and advertising expenditures associated with online games business.

Administrative Expenses

Administrative expenses for the third quarter of 2025 increased by 7% year-on-year and 2% quarter-on-quarter to RMB177.9 million. The year-on-year increase was mainly due to higher personnel-related expenses and increased depreciation arising from the completion and operation of the Wuhan Campus, which was constructed to support the Group's long-term development.

Share-based Compensation Costs

Share-based compensation costs for the third quarter of 2025 increased by 37% year-on-year and 13% quarter-on-quarter to RMB80.0 million. The increases were mainly due to the grants of awarded shares to the selected employees of certain subsidiaries of the Company.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the third quarter of 2025 decreased by 70% year-on-year and 21% quarter-on-quarter to RMB356.9 million.

Other Gains/(Losses), net

Net other gains for the third quarter of 2025 were RMB12.9 million, compared with losses of RMB63.5 million and gains of RMB442.9 million for the third quarter of 2024 and the second quarter of 2025, respectively. The gains in the second quarter of 2025 were mainly due to that we recognised gain on deemed disposal of Kingsoft Cloud Holdings Limited as a result of the dilution impact of issue of new shares of it.

Share of Profits and Losses of Associates

We recorded share of profits of associates of RMB4.6 million for the third quarter of 2025, compared with share of losses of RMB427.6 million and RMB170.1 million for the third quarter of 2024 and the second quarter of 2025, respectively.

Income Tax Expense

Income tax expense for the third quarter of 2025 was RMB66.3 million, compared with income tax expense of RMB31.2 million and RMB104.3 million for the third quarter of 2024 and the second quarter of 2025, respectively.

Profit Attributable to Owners of the Parent

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB213.1 million for the third quarter of 2025, compared with profit of RMB413.4 million and RMB532.4 million for the third quarter of 2024 and the second quarter of 2025, respectively.

Profit Attributable to Owners of the Parent before Share-based Compensation Costs

Profit attributable to owners of the parent before share-based compensation costs is profit attributable to owners of the parent excluding the effect of share-based compensation costs attributable to owners of the parent.

We believe that the profit attributable to owners of the parent before share-based compensation costs will enable the investors to better understand the Group's overall operating performance. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our profit or any other operating performance measure that is calculated in accordance with IFRS Accounting Standards. In addition, our profit attributable to owners of the parent before share-based compensation costs may not be comparable to similarly titled measures utilized by other companies.

Profit attributable to owners of the parent before share-based compensation costs was RMB277.0 million for the third quarter of 2025, compared with profit of RMB453.2 million and RMB569.6 million for the third quarter of 2024 and the second quarter of 2025, respectively. The net profit margin excluding the effect of share-based compensation costs was 11%, 16% and 25% for the three months ended 30 September 2025, 30 September 2024 and 30 June 2025, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of the reporting period. As at 30 September 2025, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB22,683.3 million and RMB3.0 million, respectively, which together represented 60% of the Group's total assets.

As at 30 September 2025, the Group's gearing ratio, representing total liabilities divided by total assets, was 16%, compared with 26% as at 31 December 2024.

Note:

The cash resources which the Group considered in cash management include cash and bank deposits, restricted cash and partial of financial assets at fair value through profit or loss. As at 30 September 2025, the aggregate amount of cash resources of the Group was RMB26,081.6 million.

Foreign Currency Risk Management

As at 30 September 2025, RMB4,309.0 million of the Group's financial assets were held in deposits denominated in non-RMB currencies. As there are no cost-effective hedges against the fluctuation of RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuation in connection with our deposits and investments.

Net Cash Generated from Operating Activities

Net cash generated from our operating activities reflected the Group's profit for the three-months period mentioned above, as the case may be, as adjusted for non-cash items, such as finance income, gain on deemed disposal of associates, and share of profits and losses of associates, as well as the effect of changes in certain items of statement of financial position, such as contract liabilities, other payables and accruals.

Net cash generated from operating activities was RMB493.9 million, RMB1,387.3 million and RMB767.0 million for the three months ended 30 September 2025, 30 September 2024 and 30 June 2025, respectively.

Capital Expenditures

Capital expenditures represent cash payments for fixed assets and intangible assets. Cash used for capital expenditures was RMB72.4 million, RMB108.6 million and RMB81.4 million for the three months ended 30 September 2025, 30 September 2024 and 30 June 2025, respectively.

MANAGEMENT COMMENTS

Mr. Jun LEI, Chairman of the Company, commented, “In the third quarter, the Group focused on its core businesses and continued to enhance its competitive edge. With ‘AI, Collaboration, and Internationalization’ as its strategic priorities, Kingsoft Office Group continued to deepen the application scenarios of AI and strengthen its brand and ecosystem development. The online games business advanced genre expansion and extended global reach, marked by the global launch of its sci-fi mech game Mecha BREAK.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “In the third quarter, the Group’s total revenue reached RMB2,419.2 million, representing a year-on-year decrease of 17% and a quarter-on-quarter increase of 5%. The office software and services business delivered solid growth, supported by robust momentum in WPS software business, rapid growth of WPS 365 business, and steady growth in the WPS individual business. The online games and others business declined, reflecting lower revenue contributions from certain existing games. The newly-launched game was still being in its early development phase and gradually building its market influence.

Within the office software and services business, for WPS individual business, the rollout and promotion of new AI-powered products, together with refined operations in both domestic and international markets, drove steady increases in WPS AI monthly active users, paying subscribers, and user value. For WPS 365 business, we continued enhancing our collaboration and AI product offerings, achieving significant progress in expanding customer base among private and local state-owned enterprises, and strengthening our product competitiveness and industry influence. The WPS software business saw accelerated progress in localization projects. Our AI-enabled products for government scenarios continued to iterate and deployed across government agencies, supporting the digital and intelligent transformation of localization customers.

Within the online games business, JX3 Online, flagship game, celebrated its 16th anniversary in August, and launched its annual expansion pack to introduce innovative gameplay in October. Anime game Snowbreak: Containment Zone maintained its core user base through long-term content updates and user operations. Sci-fi mech game Mecha BREAK continuously optimized its gameplay and operations after launching, to enhance the players’ experience. Two international IP games — Goose Goose Duck (鵝鴨殺) and Angry Birds (憤怒的小鳥) — are expected to launch in the coming quarters in China. ”

Mr. Jun LEI concluded, “Looking ahead, Kingsoft Office Group will stay committed to its core strategy of ‘AI, Collaboration, and Internationalization’, meeting the scenario needs from individual users to enterprises through its core product portfolio. Online games business will focus on developing high-quality content and expanding global publishing, enhancing the long-term vitality of its classic franchises while driving the growth and sustainable development of new genres.”

By Order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 19 November 2025

As at the date of this announcement, the Executive Director is Mr. Tao ZOU; the Non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Leiwen YAO; the Independent Non-executive Directors are Messrs. Shun Tak WONG, Zuotao CHEN, and Ms. Wenjie WU.