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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 31 MARCH 2026

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 31 March 2026.

FINANCIAL HIGHLIGHTS

	For the three months ended			Year-on-year Change %	Quarter-on- quarter Change %
	31 March 2026 <i>RMB'000</i> (Unaudited)	31 March 2025 <i>RMB'000</i> (Unaudited)	31 December 2025 <i>RMB'000</i> (Unaudited)		
Revenue	2,416,713	2,337,995	2,618,297	3	(8)
Operating profit	395,304	601,453	514,159	(34)	(23)
Profit attributable to owners of the parent	1,091,302	283,874	975,017	284	12
	<i>RMB</i> (Unaudited)	<i>RMB</i> (Unaudited)	<i>RMB</i> (Unaudited)		
Basic earnings per share	0.79	0.21	0.70	276	13
Diluted earnings per share	0.79	0.21	0.70	276	13

OPERATIONAL HIGHLIGHTS

Office Software and Services

	In March 2026	In March 2025	In December 2025	Year-on-year Change %	Quarter-on-quarter Change %
Monthly Active Devices of WPS Office Globally* (Million)	<u>672</u>	<u>647</u>	<u>678</u>	4	(1)
			As at 31 December 2025	As at 31 December 2024	Year-on-year Change %
Accumulated paying subscribers** (Million)					
Domestic			46.15	41.70	11
Overseas			<u>2.85</u>	<u>1.74</u>	64

* 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).

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		
	31 March 2026 <i>RMB'000</i> <i>(Unaudited)</i>	31 March 2025 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2025 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue			
Office software and services	1,613,224	1,301,469	1,750,360
Online games and others	803,489	1,036,526	867,937
	<u>2,416,713</u>	<u>2,337,995</u>	<u>2,618,297</u>
Cost of revenue	<u>(486,847)</u>	<u>(419,409)</u>	<u>(470,576)</u>
Gross profit	1,929,866	1,918,586	2,147,721
Research and development costs	(941,761)	(827,853)	(952,815)
Selling and distribution expenses	(394,833)	(340,468)	(462,013)
Administrative expenses	(188,424)	(160,288)	(202,423)
Share-based compensation costs	(88,730)	(53,685)	(91,653)
Other income	79,298	69,120	86,196
Other expenses	(112)	(3,959)	(10,854)
	<u>395,304</u>	<u>601,453</u>	<u>514,159</u>
Operating profit	395,304	601,453	514,159
Other gains/(losses), net	81,605	(22,291)	819,050
Finance income	145,793	187,677	139,716
Finance costs	(2,334)	(44,889)	(266)
Share of profits and losses of:			
Joint ventures	1,858,909	(12,329)	162,894
Associates	(110,897)	(152,724)	(132,359)
	<u>2,368,380</u>	<u>556,897</u>	<u>1,503,194</u>
Profit before tax	2,368,380	556,897	1,503,194
Income tax expense	(229,578)	(48,333)	(219,755)
	<u>2,138,802</u>	<u>508,564</u>	<u>1,283,439</u>
Profit for the period	2,138,802	508,564	1,283,439
Attributable to:			
Owners of the parent	1,091,302	283,874	975,017
Non-controlling interests	1,047,500	224,690	308,422
	<u>2,138,802</u>	<u>508,564</u>	<u>1,283,439</u>
	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>
Earnings per share attributable to ordinary equity holders of the parent			
Basic	<u>0.79</u>	<u>0.21</u>	<u>0.70</u>
Diluted	<u>0.79</u>	<u>0.21</u>	<u>0.70</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended		
	31 March 2026 RMB'000 (Unaudited)	31 March 2025 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	2,138,802	508,564	1,283,439
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	89,059	14,683	54,102
Reclassification to profit or loss from deemed disposal of associates	79	(60)	314
Share of other comprehensive income/(loss) of associates	(25,878)	3,369	(33,887)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	63,260	17,992	20,529
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	(209,343)	(16,953)	(102,897)
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value, net of tax	—	(9,352)	—
Share of other comprehensive income/(loss) of an associate	(53)	—	1,110
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(209,396)	(26,305)	(101,787)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(146,136)	(8,313)	(81,258)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,992,666	500,251	1,202,181
Attributable to:			
Owners of the parent	952,604	281,760	898,021
Non-controlling interests	1,040,062	218,491	304,160
	1,992,666	500,251	1,202,181

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2026 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2025 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	2,396,499	2,442,303
Investment properties	55,955	56,338
Right-of-use assets	559,708	318,223
Goodwill	185,564	185,564
Other intangible assets	92,477	80,958
Investments in joint ventures	2,823,182	964,273
Investments in associates	4,441,607	4,567,502
Financial assets at fair value through profit or loss	726,832	729,853
Financial assets at amortised cost	415,294	—
Deferred tax assets	90,269	79,936
Other non-current assets	44,382	38,311
	<u>11,831,769</u>	<u>9,463,261</u>
CURRENT ASSETS		
Inventories	12,374	12,615
Trade receivables	948,871	788,145
Prepayments, other receivables and other assets	2,261,734	2,195,899
Financial assets at fair value through profit or loss	3,157,094	4,477,643
Restricted cash	8,779	8,392
Cash and bank deposits	23,304,189	22,587,238
	<u>29,693,041</u>	<u>30,069,932</u>
CURRENT LIABILITIES		
Trade payables	604,818	543,007
Interest-bearing bank loans	10,000	10,000
Other payables and accruals	1,108,132	1,510,605
Lease liabilities	65,942	8,839
Contract liabilities	3,105,542	3,023,581
Income tax payable	200,887	196,918
	<u>5,095,321</u>	<u>5,292,950</u>
NET CURRENT ASSETS	<u>24,597,720</u>	<u>24,776,982</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>36,429,489</u>	<u>34,240,243</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 31 March 2026 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2025 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT LIABILITIES		
Contract liabilities	1,170,005	1,230,233
Deferred tax liabilities	539,162	356,414
Lease liabilities	212,428	16,414
Other non-current liabilities	10,447	10,500
	1,932,042	1,613,561
Total non-current liabilities	1,932,042	1,613,561
NET ASSETS	34,497,447	32,626,682
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,354	5,420
Share premium account	3,365,705	3,842,422
Treasury shares	(229,853)	(504,830)
Reserves	23,670,881	22,691,334
	26,812,087	26,034,346
Non-controlling interests	7,685,360	6,592,336
TOTAL EQUITY	34,497,447	32,626,682

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three months ended		
	31 March 2026 RMB'000 (Unaudited)	31 March 2025 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Unaudited)
Net cash flows from/(used in) operating activities	89,374	(102,150)	1,132,840
Net cash flows from/(used in) investing activities	806,171	(135,532)	(1,614,140)
Net cash flows used in financing activities	(215,853)	(275,429)	(245,513)
Net increase/(decrease) in cash and cash equivalents	679,692	(513,111)	(726,813)
Cash and cash equivalents at beginning of the period	3,121,180	3,703,586	3,869,980
Effect of foreign exchange rate changes, net	(31,838)	(2,963)	(21,987)
Cash and cash equivalents at end of the period	3,769,034	3,187,512	3,121,180
Non-pledged time deposits with original maturity of over three months when acquired	19,535,155	19,631,480	19,466,058
Cash and bank deposits as stated in the condensed consolidated statement of financial position	23,304,189	22,818,992	22,587,238

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 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 31 March 2026 were approved and authorized for issue in accordance with a resolution of the Board on 27 May 2026.

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 the 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 financial statements as at 31 December 2025.

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 2025, which have been prepared in accordance with IFRS Accounting Standards, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current year's financial statements.

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

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 31 March 2026

Revenue

Revenue for the first quarter of 2026 increased 3% year-on-year and decreased 8% quarter-on-quarter to RMB2,416.7 million. Revenue from the office software and services, and online games and others represented 67% and 33% of the Group's total revenue for the first quarter of 2026, respectively.

Revenue from the office software and services business for the first quarter of 2026 increased 24% year-on-year and decreased 8% quarter-on-quarter to RMB1,613.2 million. The year-on-year increase was primarily attributable to growth across three principal businesses of Beijing Kingsoft Office Software, Inc. (“**Kingsoft Office**”) and its subsidiaries (collectively, “**Kingsoft Office Group**”). The steady growth in WPS individual business was primarily driven by the ongoing enhancement of AI capabilities, which drove growth in WPS AI monthly active users and conversion rates. The strong growth in WPS 365 business was mainly driven by continuous iteration of AI and collaboration capabilities, as well as the broader and deeper customer penetration in private enterprises and local state-owned enterprises. The growth in WPS software business was primarily supported by increasing demand from localization. The quarter-on-quarter decrease mainly reflected the seasonal decrease from WPS software business, partially offset by continued growth in WPS 365 business.

Revenue from the online games and others business for the first quarter of 2026 decreased 22% year-on-year and 7% quarter-on-quarter to RMB803.5 million. The decreases were mainly due to declined revenue from certain existing games, partially offset by revenue contributions from new games.

Cost of Revenue and Gross Profit

Cost of revenue for the first quarter of 2026 increased 16% year-on-year and 3% quarter-on-quarter to RMB486.8 million. The year-on-year increase was primarily due to higher revenue sharing costs of new games, as well as greater server and bandwidth costs driven by the growing user base of the office software and services business.

Gross profit for the first quarter of 2026 increased 1% year-on-year and decreased 10% quarter-on-quarter to RMB1,929.9 million. The Group's gross profit margin decreased by two percentage points year-on-year and quarter-on-quarter to 80%.

Research and Development (“R&D”) Costs

R&D costs for the first quarter of 2026 increased 14% year-on-year and decreased 1% quarter-on-quarter to RMB941.8 million. The year-on-year increase was primarily driven by increased headcount and AI-related expenditures, reflecting the Group's strategic focus on advancing AI capabilities.

Selling and Distribution Expenses

Selling and distribution expenses for the first quarter of 2026 increased 16% year-on-year and decreased 15% quarter-on-quarter to RMB394.8 million. The year-on-year increase primarily reflected higher personnel-related expenses and increased marketing expenditures for Kingsoft Office Group. The quarter-on-quarter decrease was mainly due to the high base effect from promotional activities for Kingsoft Office Group in the prior quarter.

Administrative Expenses

Administrative expenses for the first quarter of 2026 increased 18% year-on-year and decreased 7% quarter-on-quarter to RMB188.4 million. The year-on-year increase was mainly due to higher personnel-related expenses and increased depreciation arising from the completion and operation of Wuhan Campus. The quarter-on-quarter decrease primarily reflected a reduction in professional service fees.

Share-based Compensation Costs

Share-based compensation costs for the first quarter of 2026 increased 65% year-on-year and decreased 3% quarter-on-quarter to RMB88.7 million. The year-on-year increase was mainly due to the grants of awarded shares to the selected employees of certain subsidiaries of the Company in the last year.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the first quarter of 2026 decreased 26% year-on-year and 20% quarter-on-quarter to RMB484.0 million.

Other Gains/(Losses), net

Net other gains for the first quarter of 2026 were RMB81.6 million, compared with losses of RMB22.3 million for the first quarter of 2025 and gains of RMB819.1 million for the fourth quarter of 2025, respectively. The gains in the fourth quarter of 2025 were mainly due to the recognition of a gain on deemed disposal of Kingsoft Cloud Holdings Limited as a result of the dilution impact of its issuance of new shares.

Share of Profits and Losses of Joint Ventures

Share of profits of joint ventures were RMB1,858.9 million for the first quarter of 2026, compared with losses of RMB12.3 million for the first quarter of 2025 and profits of RMB162.9 million for the fourth quarter of 2025, respectively. The profits in this quarter were primarily due to the net unrealised gains on equity investments.

Share of Profits and Losses of Associates

Share of losses of associates were RMB110.9 million for the first quarter of 2026, compared with losses of RMB152.7 million and RMB132.4 million for the first quarter and fourth quarter of 2025, respectively.

Income Tax Expense

Income tax expense for the first quarter of 2026 was RMB229.6 million, compared with income tax expense of RMB48.3 million and RMB219.8 million for the first quarter and the fourth 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 for the first quarter of 2026 was RMB1,091.3 million, compared with profit of RMB283.9 million and RMB975.0 million for the first quarter and the fourth 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 investor 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 for the first quarter of 2026 was RMB1,138.9 million, compared with profit of RMB316.0 million and RMB1,025.5 million for the first quarter and the fourth quarter of 2025, respectively. The net profit margin excluding the effect of share-based compensation costs was 47%, 14% and 39% for the three months ended 31 March 2026, 31 March 2025 and 31 December 2025, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of the reporting period. As at 31 March 2026, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB23,304.2 million and RMB8.8 million, respectively, which together represented 56% of the Group's total assets.

As at 31 March 2026, the Group's gearing ratio, representing total liabilities divided by total assets, was 17%, compared with 17% as at 31 December 2025.

Note:

The cash resources which the Group considered in cash management include cash and bank deposits, restricted cash, part of financial assets at fair value through profit or loss, and financial assets at amortised cost. As at 31 March 2026, the aggregate amount of cash resources of the Group was RMB26,885.1 million.

Foreign Currency Risk Management

As at 31 March 2026, RMB4,035.0 million of the Group's financial assets were held in deposits, financial assets at fair value through profit or loss, and financial assets at amortised cost 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/(Used in) Operating Activities

Net cash generated from/(used in) the operating activities reflects the Group's profit for the three-month period mentioned above, as the case may be, as adjusted for non-cash items such as share of profits and losses of joint ventures and associates, finance income, and share-based compensation costs, 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 RMB89.4 million for the three months ended 31 March 2026, net cash used in operating activities was RMB102.2 million for the three months ended 31 March 2025, and net cash generated from operating activities was RMB1,132.8 million for the three months ended 31 December 2025, respectively.

Capital Expenditures

Capital expenditures represent cash payments for fixed assets and intangible assets. Cash used for capital expenditures was RMB81.4 million, RMB121.2 million and RMB67.1 million for the three months ended 31 March 2026, 31 March 2025 and 31 December 2025, respectively.

MANAGEMENT COMMENTS

Mr. Jun LEI, Chairman of the Company, commented, “In the first quarter, we remained committed to technology empowerment and maintained strategic focus. Kingsoft Office Group continued to deepen its core strategy of ‘AI, Collaboration, and Internationalization’, and steadily advanced the implementation of AI service capabilities across office scenarios. For the online games business, we focused on premium games and long-term operations, increased investment in existing core games, and actively expanded into new games.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “In the first quarter, the Group recorded revenue of RMB2,416.7 million, representing a year-on-year increase of 3%. Revenue from the office software and services business reached RMB1,613.2 million, a year-on-year increase of 24%, maintaining steady growth. Revenue from online games and others business amounted to RMB803.5 million, a year-on-year decrease of 22%, primarily reflecting the decline in revenue from existing games. After release in January, Goose Goose Duck (鵝鴨殺) has focused on growing its user base, and is still in early monetization stage.

For WPS individual business, Kingsoft Office Group continued to upgrade and iterate its AI products, while further enhancing refined operations in both domestic and overseas markets. The continued enhancement of AI features effectively drove growth in WPS AI monthly active users, conversion rates, and average revenue per paying user. For WPS 365 business, we continued to upgrade AI and collaboration product capabilities. The coverage of private enterprises and local state-owned enterprises steadily expanded in both breadth and depth, while orders from large-scale customers continued to increase. For WPS software business, the demand for localization continued to grow. Government AI products were continuously refined, upgraded and subsequently rolled out in an orderly manner across government departments, providing robust support for customers’ digital and intelligent transformation.

For online games business, JX3 Online maintained a stable active user base. As for the content, innovative in-game events were launched during the Spring Festival and Lantern Festival, and an expansion pack was released in April, continuously enriching content offerings. As for the product, the flagship version completed graphics quality optimization and advanced gameplay iteration, with ongoing upgrades to dual-platform technology. We will continue to increase R&D investment, enhance game quality, and further consolidate our core user ecosystem. The classic JX series of PC games maintained long-term operations, delivered continuous content innovation, and improved IP vitality. Goose Goose Duck performed well in the domestic market. The localized content innovations and social gameplay were well received by players. The user base continually expanded and the gross receipts gradually grew. We will focus on product refinement and long-term operations for community ecosystem, and enhance user engagement through high-quality interactive experiences.”

Mr. Jun LEI concluded, “Looking ahead, Kingsoft Office Group will continue to deepen its AI capabilities layout, focus on the implementation of Agent products, empower intelligent office scenarios through WPS 365, and advance international expansion. The online games business will further strengthen R&D investment in core games and leverage AI to enhance content creation, providing players with high-quality gaming experience.”

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 27 May 2026

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 Ms. Wenjie WU, Messrs. Zuotao CHEN and Bo DU.