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Kingsoft Cloud Holdings Limited

金山云控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3896)

(Nasdaq Stock Ticker: KC)

**INSIDE INFORMATION
UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED JUNE 30, 2024**

This announcement is issued pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and under Part XIVA of the Securities and Future Ordinance (Cap. 571).

The board (the “**Board**”) of directors (the “**Directors**”) of Kingsoft Cloud Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company, its subsidiaries and consolidated affiliated entities (collectively, the “**Group**”) for the three months ended June 30, 2024 (the “**Q2 Results**”) published in accordance with applicable rules of the U.S. Securities and Exchange Commission (the “**SEC**”).

The Q2 Results have been prepared in accordance with generally accepted accounting principles in the United States of America (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards.

Attached hereto as Schedule I is the full text of the press release issued by the Company on August 20, 2024 (U.S. Eastern Time), in relation to the Q2 Results, some of which may constitute material inside information of the Company.

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about the Company’s beliefs, and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and a number of factors could cause actual results to differ materially from those contained in any forward-looking statement. In some cases, forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “target”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to” or other similar expressions. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the SEC. The forward-looking statements included in this announcement are only made as of the date hereof, and the Company disclaims any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances, except as required by law. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

The Company’s shareholders and potential investors are advised not to place undue reliance on the Q2 Results and to exercise caution in dealing in securities of the Company.

By order of the Board
Kingsoft Cloud Holdings Limited
Mr. Zou Tao

*Executive Director, Vice Chairman of the Board
and acting Chief Executive Officer*

Hong Kong, August 20, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Lei Jun as Chairman and non-executive director, Mr. Zou Tao as Vice Chairman and executive director, Mr. He Haijian as executive director, Mr. Feng Honghua as non-executive director, and Mr. Yu Mingto, Mr. Wang Hang and Ms. Qu Jingyuan as independent non-executive directors.

SCHEDULE 1

Kingsoft Cloud Announces Unaudited Second Quarter 2024 Financial Results

BEIJING, August 20, 2024 — Kingsoft Cloud Holdings Limited (“Kingsoft Cloud” or the “Company”) (NASDAQ: KC and HKEX: 3896), a leading independent cloud service provider in China, today announced its unaudited financial results for the second quarter ended June 30, 2024.

Mr. Tao Zou, Chief Executive Officer of Kingsoft Cloud, commented, “We are pleased to record another strong quarter with advances in revenue expansion, margin improvements and operating cash net inflow. Our *high-quality and sustainable development* strategy continued to bear fruits. During the past quarter, embracing AI opportunities, we have recorded AI revenue of RMB326 million, approximately 26% of revenues from public cloud services, doubling from 13% last quarter. We have also been enhancing our AI capabilities, successfully deploying AI solutions to enterprises and organizations to improve our customers’ data management performances.”

Mr. Henry He, Chief Financial Officer of Kingsoft Cloud, added, “We are pleased to achieve growth in both revenue and profits. This quarter our total revenues returned to year-over-year growth track, arriving at RMB1,891.8 million, increased by 3.1% year-over-year and 6.5% quarter-over-quarter. This quarter our adjusted gross margin was 17.1%, significantly increased by 5.8 percentage points from 11.3% in the same quarter of 2023. Adjusted gross profit was RMB323.4 million, increased by 56.4% from RMB206.8 million in the same quarter of 2023. Adjusted EBITDA turned to profit last quarter and steadily increased to RMB60.6 million, significantly improving from negative RMB61.4 million in the same quarter of 2023. This quarter we have recorded net inflow of operating cash at RMB151.2 million, compared with RMB65.2 million in the same period and negative RMB321.3 million last quarter.”

Second Quarter 2024 Financial Results

Total revenues reached RMB1,891.8 million (US\$260.3¹ million), increased by 3.1% year-over-year and 6.5% quarter-over-quarter from RMB1,835.4 million in the same quarter of 2023 and RMB1,775.7 million in the first quarter of 2024. The increase was mainly due to the expanded revenue from AI related customers and partially offset by our proactive scale-down of content delivery network (CDN) services, and more stringent project selection of enterprise cloud projects.

Revenues from public cloud services were RMB1,234.5 million (US\$169.9 million), increased by 6.5% from RMB1,159.5 million in the same quarter of 2023 and 4.0% from RMB1,187.4 million last quarter. The increase was mainly due to the growth of AI demands and partially offset by the proactive scale-down of our CDN services.

Revenues from enterprise cloud services were RMB657.2 million (US\$90.4 million), representing a decrease of 2.7% from RMB675.2 million in the same quarter of 2023 and an increase of 11.7% from RMB588.2 million last quarter. We keep focus in selected verticals such as public services cloud, state-owned assets cloud, healthcare and financial services, enhance our solutions with AI capabilities and take profitability and sustainability of the enterprise cloud projects as our priorities.

Other revenues were nil this quarter.

Cost of revenues was RMB1,573.4 million (US\$216.5 million), representing a decrease of 3.4% from RMB1,628.8 million in the same quarter of 2023. IDC costs decreased significantly by 15.4% year-over-year from RMB860.7 million to RMB728.2 million (US\$100.2 million) this quarter. The decrease was in line with the scale down of our CDN services and our strict control over procurement costs. Depreciation and amortization costs increased by 31.6% from RMB202.1 million in the same quarter of 2023 to RMB265.9 million (US\$36.6 million) this quarter. The increase was mainly due to the depreciation of newly acquired servers which were allocated to AI business. Solution development and services costs increased by 8.4% year-over-year from RMB452.9 million in the same quarter of 2023 to RMB491.1 million (US\$67.6 million) this quarter. The increase was mainly due to the solution personnel expansion of Camelot. Fulfillment costs and other costs were RMB37.6 million (US\$5.2 million) and RMB50.6 million (US\$6.9 million) this quarter.

¹ This announcement contains translations of certain Renminbi (RMB) amounts into U.S. dollars (US\$) at a specified rate solely for the convenience of the reader. Unless otherwise noted, the translation of RMB into US\$ has been made at RMB7.2672 to US\$1.00, the noon buying rate in effect on June 30, 2024 as certified for customs purposes by the Federal Reserve Bank of New York.

Gross profit was RMB318.3 million (US\$43.8 million), representing a significant increase of 54.1% from RMB206.6 million in the same quarter of 2023, demonstrating our improvements in revenue quality. **Gross margin** was 16.8%, compared with 11.3% in the same period in 2023. **Non-GAAP gross profit**² was RMB323.4 million (US\$44.5 million), compared with RMB206.8 million in the same period in 2023. **Non-GAAP gross margin**² was 17.1%, compared with 11.3% in the same period in 2023. The significant improvement of our gross profit and margin was mainly due to our strategic adjustment of revenue mix, expansion of AI revenues, optimized enterprise cloud project selection and efficient cost control measures.

Total operating expenses were RMB595.9 million (US\$82.0 million), increased by 4.6% from RMB569.7 million in the same period in 2023 and 5.0% from RMB567.4 million last quarter. Among which:

Selling and marketing expenses were RMB125.7 million (US\$17.3 million), decreased by 2.7% from RMB129.3 million in the same period in 2023 and increased by 7.7% from RMB116.8 million last quarter, the sequential increase was due to the increase of personnel costs and promotional expense, partially offsetting by the reversal of share-based compensation related to forfeiture.

General and administrative expenses were RMB266.2 million (US\$36.6 million), compared with RMB246.5 million in the same period in 2023 and RMB218.7 million last quarter. The sequential increase was mainly due to the one-time-off gain of property disposal of last quarter and the year-over-year increase was mainly due to the increase in personnel costs.

Research and development expenses were RMB204.0 million (US\$28.1 million), increased by 5.2% from RMB193.9 million in the same period in 2023 and decreased by 12.1% from RMB232.0 million last quarter. The sequential decrease was mainly due to the reversal of share-based compensation expense related to forfeiture and the year-over-year increase was mainly due to the increase in personnel costs, partially offsetting by the reversal of share-based compensation related to forfeiture.

Operating loss was RMB277.6 million (US\$38.2 million), significantly decreased compared with operating loss of RMB363.1 million in the same quarter of 2023 and slightly increased from RMB274.2 million last quarter. The year-over-year improvement was mainly due to our gross profit expansion and we have been taking strict control over expenses, bearing fruit from our high-quality and sustainable development strategy. The sequential increase was mainly due to the above-mentioned expenses increase and partially offset by the increase of gross profit.

Net loss was RMB353.7 million (US\$48.7 million), significantly decreased compared with net loss of RMB498.3 million in the same quarter of 2023 and RMB363.6 million last quarter. The improvements of our profitability were in line with our strategies of high quality and sustainable development, as we focus on profitable business and execute strict control over costs and expenses.

² Non-GAAP gross profit is defined as gross profit excluding share-based compensation allocated in the cost of revenues and we define Non-GAAP gross margin as Non-GAAP gross profit as a percentage of revenues. See “Use of Non-GAAP Financial Measures” set forth at the end of this press release.

Non-GAAP net loss³ was RMB301.1 million (US\$41.4 million), compared with RMB315.0 million in the same quarter of 2023 and RMB217.3 million last quarter.

Non-GAAP EBITDA⁴ was RMB60.6 million (US\$8.3 million), compared with RMB-61.4 million in the same quarter of 2023 and RMB33.2 million last quarter. **Non-GAAP EBITDA margin** was 3.2%, compared with -3.3% in the same quarter of 2023 and 1.9% last quarter. The increase was mainly due to the expansion in gross profit and our strict control over costs and expenses.

Basic and diluted net loss per share was RMB0.10 (US\$0.01), compared with RMB0.14 in the same quarter of 2023 and RMB0.10 last quarter.

Cash and cash equivalents were RMB1,837.8 million (US\$252.9 million) as of June 30, 2024, compared with RMB1,881.7 million as of March 31, 2024. The decrease was mainly due to the investment into the procurement of high performance servers and the payment to daily operation.

Outstanding ordinary shares were 3,596,874,352 as of June 30, 2024, equivalent to about 239,791,623 ADSs.

Conference Call Information

Kingsoft Cloud's management will host an earnings conference call on Tuesday, August 20, 2024 at 8:15 am, U.S. Eastern Time (8:15 pm, Beijing/Hong Kong Time on the same day).

Participants can register for the conference call by navigating to <https://register.vevent.com/register/BI2ed9e3a7930e4c958cfbd29da2a97c19>. Once preregistration has been completed, participants will receive dial-in numbers, direct event passcode, and a unique access PIN.

To join the conference, simply dial the number in the calendar invite you receive after preregistering, enter the passcode followed by your PIN, and you will join the conference instantly.

Additionally, a live and archived webcast of the conference call will also be available on the Company's investor relations website at <http://ir.ksyun.com>.

³ Non-GAAP net loss is defined as net loss excluding share-based compensation, impairment of long-lived assets and foreign exchange loss, and we define Non-GAAP net loss margin as adjusted net loss as a percentage of revenues. See "Use of Non-GAAP Financial Measures" set forth at the end of this press release.

⁴ Non-GAAP EBITDA is defined as Non-GAAP net loss excluding interest income, interest expense, income tax expense (benefit) and depreciation and amortization, and we define Non-GAAP EBITDA margin as Non-GAAP EBITDA as a percentage of revenues. See "Use of Non-GAAP Financial Measures" set forth at the end of this press release.

Use of Non-GAAP Financial Measures

The unaudited condensed consolidated financial information is prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). In evaluating our business, we consider and use certain non-GAAP measures, Non-GAAP gross profit, Non-GAAP gross margin, Non-GAAP EBITDA, Non-GAAP EBITDA margin, Non-GAAP net loss and Non-GAAP net loss margin, as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define Non-GAAP gross profit as gross profit excluding share-based compensation allocated in the cost of revenues, and we define Non-GAAP gross margin as Non-GAAP gross profit as a percentage of revenues. We define Non-GAAP net loss as net loss excluding share-based compensation, foreign exchange loss and impairment of long-lived assets, and we define Non-GAAP net loss margin as Non-GAAP net loss as a percentage of revenues. We define Non-GAAP EBITDA as Non-GAAP net loss excluding interest income, interest expense, income tax expense (benefit) and depreciation and amortization, and we define Non-GAAP EBITDA margin as Non-GAAP EBITDA as a percentage of revenues. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of these non-GAAP measures facilitates investors’ assessment of our operating performance.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

We compensate for these limitations by reconciling these non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

Exchange Rate Information

This press release contains translations of certain RMB amounts into U.S. dollars at specified rates solely for the convenience of readers. Unless otherwise noted, all translations from RMB to U.S. dollars, in this press release, were made at a rate of RMB7.2672 to US\$1.00, the noon buying rate in effect on June 30, 2024 as certified for customs purposes by the Federal Reserve Bank of New York.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Among other things, the Business Outlook, and quotations from management in this announcement, as well as Kingsoft Cloud’s strategic and operational plans, contain forward-looking statements. Kingsoft Cloud may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (“SEC”), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including but not limited to statements about Kingsoft Cloud’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Kingsoft Cloud’s goals and strategies; Kingsoft Cloud’s future business development, results of operations and financial condition; relevant government policies and regulations relating to Kingsoft Cloud’s business and industry; the expected growth of the cloud service market in China; the expectation regarding the rate at which to gain customers, especially Premium Customers; Kingsoft Cloud’s ability to monetize the customer base; fluctuations in general economic and business conditions in China; and the economy in China and elsewhere generally; China’s political or social conditions and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Kingsoft Cloud’s filings with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and Kingsoft Cloud does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

About Kingsoft Cloud Holdings Limited

Kingsoft Cloud Holdings Limited (NASDAQ: KC and HKEX: 3896) is a leading independent cloud service provider in China. With extensive cloud infrastructure, cutting-edge cloud-native products based on vigorous cloud technology research and development capabilities, well-architected industry-specific solutions and end-to-end fulfillment and deployment, Kingsoft Cloud offers comprehensive, reliable and trusted cloud service to customers in strategically selected verticals.

For more information, please visit: <http://ir.ksyun.com>.

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(All amounts in thousands)

| | Dec 31, 2023 RMB | Jun 30, 2024 RMB | Jun 30, 2024 US\$ |
|-------------------------------------|--------------------------|--------------------------|-------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 2,255,287 | 1,837,757 | 252,884 |
| Restricted cash | 234,194 | 258,647 | 35,591 |
| Accounts receivable, net | 1,529,915 | 1,680,965 | 231,308 |
| Prepayments and other assets | 1,812,692 | 2,150,626 | 295,935 |
| Amounts due from related parties | 266,036 | 373,059 | 51,335 |
| Total current assets | <u>6,098,124</u> | <u>6,301,054</u> | <u>867,053</u> |
| Non-current assets: | | | |
| Property and equipment, net | 2,186,145 | 3,882,522 | 534,253 |
| Intangible assets, net | 834,478 | 748,537 | 103,002 |
| Goodwill | 4,605,724 | 4,605,724 | 633,769 |
| Prepayments and other assets | 870,781 | 518,929 | 71,407 |
| Equity investments | 259,930 | 247,176 | 34,013 |
| Amounts due from related parties | 56,264 | 12,264 | 1,688 |
| Operating lease right-of-use assets | 158,832 | 144,754 | 19,919 |
| Total non-current assets | <u>8,972,154</u> | <u>10,159,906</u> | <u>1,398,051</u> |
| Total assets | <u><u>15,070,278</u></u> | <u><u>16,460,960</u></u> | <u><u>2,265,104</u></u> |

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(All amounts in thousands)

| | Dec 31, 2023 <i>RMB</i> | Jun 30, 2024 <i>RMB</i> | Jun 30, 2024 <i>US\$</i> |
|--|-------------------------------|-------------------------------|--------------------------------|
| LIABILITIES, NON-CONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | 1,805,083 | 1,980,088 | 272,469 |
| Accrued expenses and other current liabilities | 2,838,085 | 2,938,720 | 404,381 |
| Short-term bank loans | 1,110,896 | 1,385,769 | 190,688 |
| Income tax payable | 63,961 | 59,185 | 8,144 |
| Amounts due to related parties | 931,906 | 1,070,842 | 147,353 |
| Current operating lease liabilities | 78,659 | 47,827 | 6,581 |
| Total current liabilities | <u>6,828,590</u> | <u>7,482,431</u> | <u>1,029,616</u> |
| Non-current liabilities: | | | |
| Long-term bank loans | 100,000 | 197,352 | 27,157 |
| Amounts due to related parties | 40,069 | 1,052,160 | 144,782 |
| Deferred tax liabilities | 142,565 | 108,503 | 14,931 |
| Other liabilities | 634,803 | 848,825 | 116,802 |
| Non-current operating lease liabilities | 78,347 | 69,903 | 9,619 |
| Total non-current liabilities | <u>995,784</u> | <u>2,276,743</u> | <u>313,291</u> |
| Total liabilities | <u>7,824,374</u> | <u>9,759,174</u> | <u>1,342,907</u> |
| Shareholders' equity: | | | |
| Ordinary shares | 25,443 | 25,688 | 3,535 |
| Treasury stock | (208,385) | (208,385) | (28,675) |
| Additional paid-in capital | 18,811,028 | 18,969,913 | 2,610,347 |
| Statutory reserves funds | 21,765 | 21,765 | 2,995 |
| Accumulated deficit | (12,315,041) | (13,027,627) | (1,792,661) |
| Accumulated other comprehensive income | 555,342 | 575,585 | 79,203 |
| Total Kingsoft Cloud Holdings Limited shareholders' equity | <u>6,890,152</u> | <u>6,356,939</u> | <u>874,744</u> |
| Non-controlling interests | 355,752 | 344,847 | 47,453 |
| Total equity | <u>7,245,904</u> | <u>6,701,786</u> | <u>922,197</u> |
| Total liabilities, non-controlling interests and shareholders' equity | <u><u>15,070,278</u></u> | <u><u>16,460,960</u></u> | <u><u>2,265,104</u></u> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(All amounts in thousands, except for share and per share data)

| | Three Months Ended | | | Jun 30, 2024 US\$ | Six Months Ended | | |
|--|------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|
| | Jun 30, 2023 RMB | Mar 31, 2024 RMB | Jun 30, 2024 RMB | | Jun 30, 2023 RMB | Jun 30, 2024 RMB | Jun 30, 2024 US\$ |
| Revenues: | | | | | | | |
| Public cloud services | 1,159,509 | 1,187,370 | 1,234,542 | 169,879 | 2,313,183 | 2,421,912 | 333,266 |
| Enterprise cloud services | 675,176 | 588,162 | 657,238 | 90,439 | 1,385,152 | 1,245,400 | 171,373 |
| Others | 718 | 152 | - | - | 1,468 | 152 | 21 |
| Total revenues | <u>1,835,403</u> | <u>1,775,684</u> | <u>1,891,780</u> | <u>260,318</u> | <u>3,699,803</u> | <u>3,667,464</u> | <u>504,660</u> |
| Cost of revenues | (1,628,797) | (1,482,431) | (1,573,433) | (216,512) | (3,299,012) | (3,055,864) | (420,501) |
| Gross profit | 206,606 | 293,253 | 318,347 | 43,806 | 400,791 | 611,600 | 84,159 |
| Operating expenses: | | | | | | | |
| Selling and marketing expenses | (129,253) | (116,752) | (125,708) | (17,298) | (217,306) | (242,460) | (33,364) |
| General and administrative expenses | (246,549) | (218,695) | (266,249) | (36,637) | (550,042) | (484,944) | (66,731) |
| Research and development expenses | (193,920) | (231,963) | (203,959) | (28,066) | (409,290) | (435,922) | (59,985) |
| Impairment of long-lived assets | - | - | - | - | (185,135) | - | - |
| Total operating expenses | <u>(569,722)</u> | <u>(567,410)</u> | <u>(595,916)</u> | <u>(82,001)</u> | <u>(1,361,773)</u> | <u>(1,163,326)</u> | <u>(160,080)</u> |
| Operating loss | (363,116) | (274,157) | (277,569) | (38,195) | (960,982) | (551,726) | (75,921) |
| Interest income | 25,568 | 8,370 | 9,945 | 1,368 | 39,636 | 18,315 | 2,520 |
| Interest expense | (30,307) | (51,066) | (59,414) | (8,176) | (58,234) | (110,480) | (15,203) |
| Foreign exchange loss | (151,515) | (42,737) | (6,999) | (963) | (151,422) | (49,736) | (6,843) |
| Other loss, net | (11,841) | (8,207) | (7,829) | (1,077) | (19,787) | (16,036) | (2,207) |
| Other income (expense), net | 37,781 | (11,190) | (4,961) | (683) | 50,067 | (16,151) | (2,222) |
| Loss before income taxes | (493,430) | (378,987) | (346,827) | (47,726) | (1,100,722) | (725,814) | (99,876) |
| Income tax (expense) benefit | (4,842) | 15,371 | (6,891) | (948) | (6,371) | 8,480 | 1,167 |
| Net loss | (498,272) | (363,616) | (353,718) | (48,674) | (1,107,093) | (717,334) | (98,709) |
| Less: net income (loss) attributable to non-controlling interests | 1,073 | (4,206) | (542) | (75) | (760) | (4,748) | (653) |
| Net loss attributable to Kingsoft Cloud Holdings Limited | <u>(499,345)</u> | <u>(359,410)</u> | <u>(353,176)</u> | <u>(48,599)</u> | <u>(1,106,333)</u> | <u>(712,586)</u> | <u>(98,056)</u> |
| Net loss per share: | | | | | | | |
| Basic and diluted | (0.14) | (0.10) | (0.10) | (0.01) | (0.31) | (0.20) | (0.03) |
| Shares used in the net loss per share computation: | | | | | | | |
| Basic and diluted | 3,554,529,097 | 3,614,662,846 | 3,649,307,331 | 3,649,307,331 | 3,547,111,168 | 3,632,583,338 | 3,632,583,338 |
| Other comprehensive income (loss), net of tax of nil: | | | | | | | |
| Foreign currency translation adjustments | 238,614 | 20,704 | (530) | (73) | 208,781 | 20,174 | 2,776 |
| Comprehensive loss | (259,658) | (342,912) | (354,248) | (48,747) | (898,312) | (697,160) | (95,933) |
| Less: Comprehensive income (loss) attributable to non-controlling interests | 1,059 | (4,247) | (570) | (78) | (775) | (4,817) | (663) |
| Comprehensive loss attributable to Kingsoft Cloud Holdings Limited shareholders | <u>(260,717)</u> | <u>(338,665)</u> | <u>(353,678)</u> | <u>(48,669)</u> | <u>(897,537)</u> | <u>(692,343)</u> | <u>(95,270)</u> |

RECONCILIATION OF GAAP AND NON-GAAP RESULTS

(All amounts in thousands, except for percentage)

| | Three Months Ended | | | | Six Months Ended | | |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|
| | Jun 30, 2023 RMB | Mar 31, 2024 RMB | Jun 30, 2024 RMB | Jun 30, 2024 US\$ | Jun 30, 2023 RMB | Jun 30, 2024 RMB | Jun 30, 2024 US\$ |
| Gross profit | 206,606 | 293,253 | 318,347 | 43,806 | 400,791 | 611,600 | 84,159 |
| Adjustments: | | | | | | | |
| – Share-based compensation expenses (allocated in cost of revenues) | 169 | 5,814 | 5,076 | 698 | 393 | 10,890 | 1,499 |
| Adjusted gross profit (Non-GAAP Financial Measure) | 206,775 | 299,067 | 323,423 | 44,504 | 401,184 | 622,490 | 85,658 |
| | | | | | | | |
| | Three Months Ended | | | Six Months Ended | | | |
| | Jun 30, 2023 | Mar 31, 2024 | Jun 30, 2024 | Jun 30, 2023 | Jun 30, 2023 | Jun 30, 2024 | Jun 30, 2024 |
| Gross margin | | 11.3% | 16.5% | 16.8% | 10.8% | 16.7% | |
| Adjusted gross margin (Non-GAAP Financial Measure) | | 11.3% | 16.8% | 17.1% | 10.8% | 17.0% | |

RECONCILIATION OF GAAP AND NON-GAAP RESULTS

(All amounts in thousands, except for percentage)

| | Three Months Ended | | | | Six Months Ended | | |
|--|--------------------|-----------|------------------|-----------------|------------------|------------------|-----------------|
| | Jun 30, | Mar 31, | Jun 30, | Jun 30, | Jun 30, | Jun 30, | Jun 30, |
| | 2023 | 2024 | 2024 | 2024 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US\$ | RMB | RMB | US\$ |
| Net Loss | (498,272) | (363,616) | (353,718) | (48,674) | (1,107,093) | (717,334) | (98,709) |
| Adjustments: | | | | | | | |
| – Share-based compensation expenses | 31,797 | 103,595 | 45,649 | 6,282 | 43,106 | 149,244 | 20,537 |
| – Foreign exchange loss | 151,515 | 42,737 | 6,999 | 963 | 151,422 | 49,736 | 6,843 |
| – Impairment of long-lived assets | – | – | – | – | 185,135 | – | – |
| Adjusted net loss (Non-GAAP Financial Measure) | (314,960) | (217,284) | (301,070) | (41,429) | (727,430) | (518,354) | (71,329) |
| Adjustments: | | | | | | | |
| – Interest income | (25,568) | (8,370) | (9,945) | (1,368) | (39,636) | (18,315) | (2,520) |
| – Interest expense | 30,307 | 51,066 | 59,414 | 8,176 | 58,234 | 110,480 | 15,203 |
| – Income tax expense (benefit) | 4,842 | (15,371) | 6,891 | 948 | 6,371 | (8,480) | (1,167) |
| – Depreciation and amortization | 243,984 | 223,146 | 305,304 | 42,011 | 510,519 | 528,450 | 72,717 |
| Adjusted EBITDA (Non-GAAP Financial Measure) | (61,395) | 33,187 | 60,594 | 8,338 | (191,942) | 93,781 | 12,904 |
| – Loss (gain) on disposal of property and equipment | 1,456 | (23,821) | – | – | 21,672 | (23,821) | (3,278) |
| Excluding loss or gain on disposal of property and equipment, normalized Adjusted EBITDA | (59,939) | 9,366 | 60,594 | 8,338 | (170,270) | 69,960 | 9,626 |

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|--------------|---------------|------------------|---------------|
| | Jun 30, 2023 | Mar 31, 2024 | Jun 30, 2024 | Jun 30, 2023 | Jun 30, 2024 |
| Net loss margin | -27.1% | -20.5% | -18.7% | -29.9% | -19.6% |
| Adjusted net loss margin (Non-GAAP Financial Measure) | -17.2% | -12.2% | -15.9% | -19.7% | -14.1% |
| Adjusted EBITDA margin (Non-GAAP Financial Measure) | -3.3% | 1.9% | 3.2% | -5.2% | 2.6% |
| Normalized Adjusted EBITDA margin | -3.3% | 0.5% | 3.2% | -4.6% | 1.9% |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*(All amounts in thousands)*

| | Three Months Ended | | | Jun 30, 2024 US\$ |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
| | Jun 30, 2023 RMB | Mar 31, 2024 RMB | Jun 30, 2024 RMB | |
| Net cash generated from (used in) operating activities | 65,230 | (321,336) | 151,169 | 20,802 |
| Net cash generated from (used in) investing activities | 256,816 | (1,169,017) | (654,829) | (90,108) |
| Net cash (used in) generated from financing activities | (222,767) | 1,112,096 | 523,950 | 72,098 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 57,623 | (20,464) | (14,646) | (2,015) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 156,902 | (398,721) | 5,644 | 777 |
| Cash, cash equivalents and restricted cash at beginning of period | 3,666,185 | 2,489,481 | 2,090,760 | 287,698 |
| Cash, cash equivalents and restricted cash at end of period | 3,823,087 | 2,090,760 | 2,096,404 | 288,475 |