



Kingdee International Software Group

2024 Interim Results Announcement

Stock Code: 268.HK

16 August 2024

01	Financial Review	P 05
02	Kingdee Cloud Products	P 13
03	China SaaS Market Outlook	P 19
04	Appendix	P 25

2024 Interim Results Overview



Group revenue
RMB 2.87bn

11.9% 



Subscription ARR
RMB 3.15bn

24.2% 



Net loss attributable to shareholders
RMB 218mn

23.2% 



Share repurchase
HKD 540mn

Including cancellation and employee incentive program
As of Interim result quiet period



Cash reserves
RMB 4.28bn

Kingdee at a Glance



Enterprise Business Capability (EBC)

Kingdee Cloud Cosmic - New generation enterprise-level AI platform

Kingdee Cloud Constellation - Large enterprise SaaS management solution

Kingdee Cloud Galaxy - High-growth enterprise SaaS management solution

Kingdee Cloud Stellar - Small and micro enterprise SaaS management solution



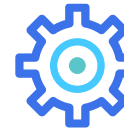
Global Leading, China No.1 Enterprise Management Cloud SaaS

- No.1 market share in China for SaaS ERM (Enterprise Resource Management Cloud Services), Financial Cloud Services, and enterprise EPM (Enterprise Performance Management Cloud) by IDC 2023 report.
- No.1 market share in China for low-code/no-code software category for four consecutive periods
- No.1 market share in the application software market for growing enterprises in China for 19 consecutive years, also being the only Chinese vendor in the Asia-Pacific SaaS ERP Small and Medium Market Competitiveness Report.



Serving over Half of China Top 500 Companies

New choice for China Top 500 Companies



Serving 43% of the "Specialized and Innovative" Companies

Major driver for China's new economy and smart manufacturing



12,162

Headcount, 1.6% yoy growth

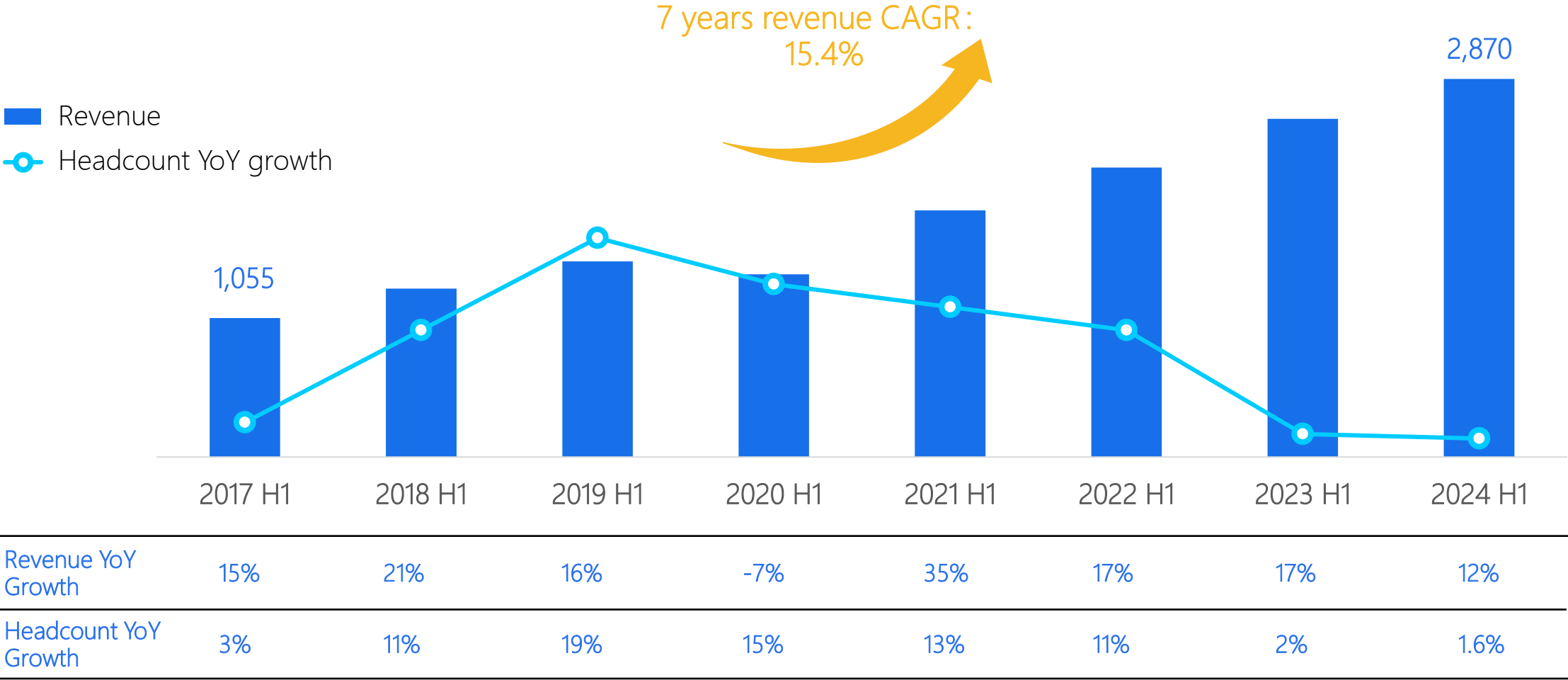
01



Financial Review

Resilient Revenue Growth across Years

(RMB MN)



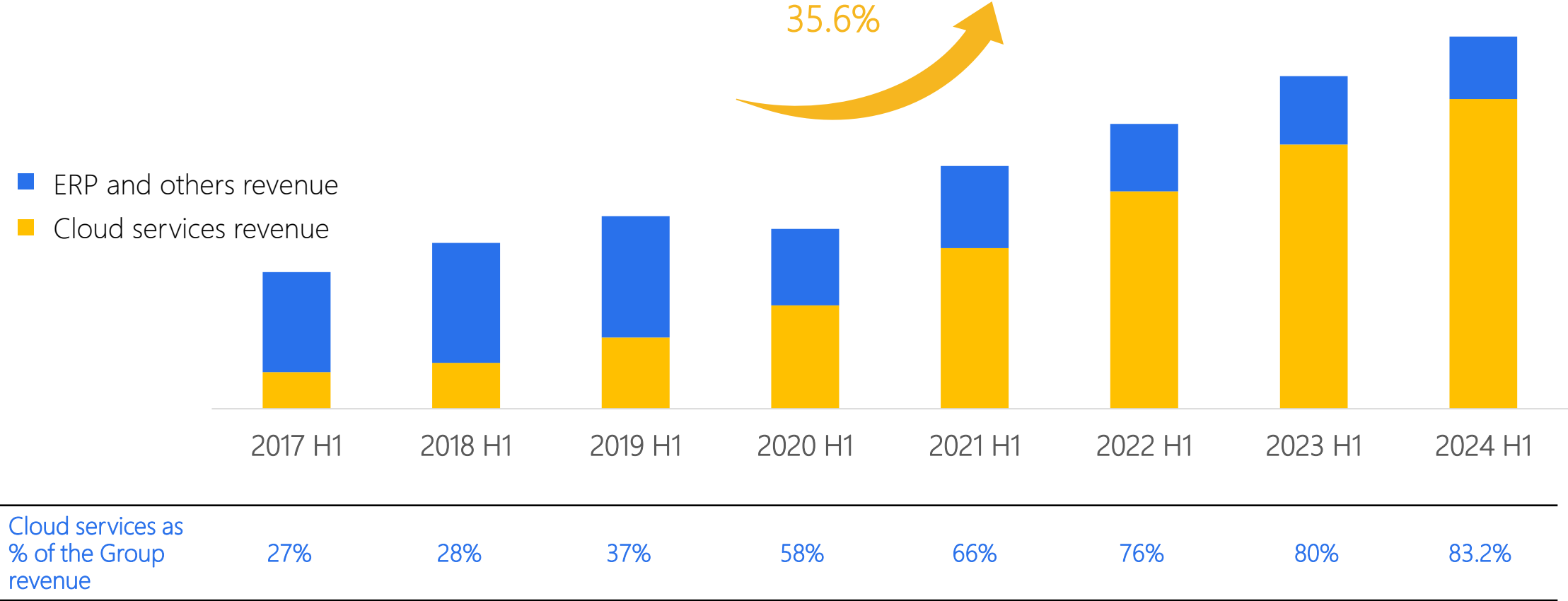
In 2020, the Group continued to deepen its cloud transformation, focusing on the development and promotion of cloud subscription products, and actively and gradually reducing the sales of ERP licenses.

Cloud Company Concentrating on Subscription Model



2024 H1 Cloud services revenue weight reached 83.2%

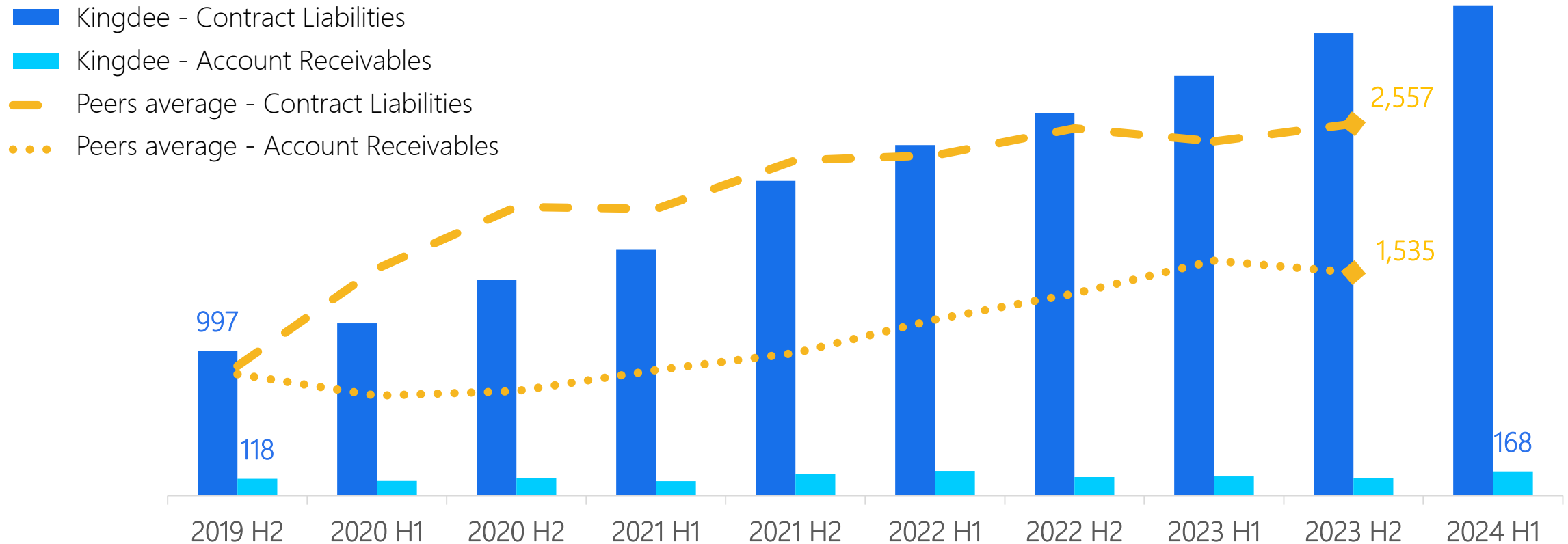
7 years Cloud Services
Revenue CAGR:
35.6%



Subscription Model Continuously Driving High-quality Growth



(RMB MN)

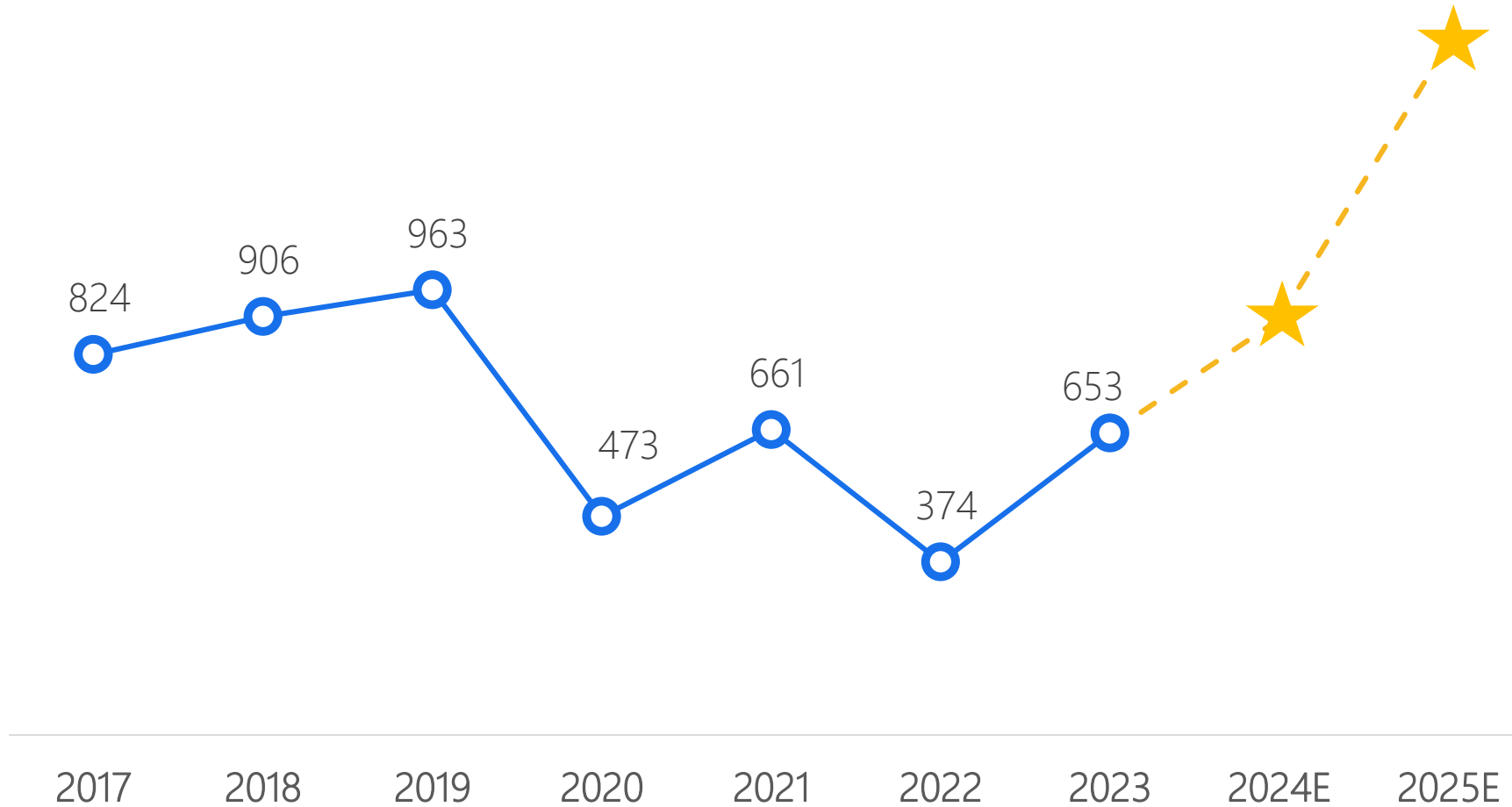


Contract liabilities consist of received payment for Kingdee Cloud subscription services but has not yet done the work and payments exceed the revenue recognized to date, which will be recognized as a future revenue.

Note: Industry indicates six main A-share listed software companies, with average market cap of RMB46 billion.

Cloud Subscription Driving Operating Cashflow Uplift

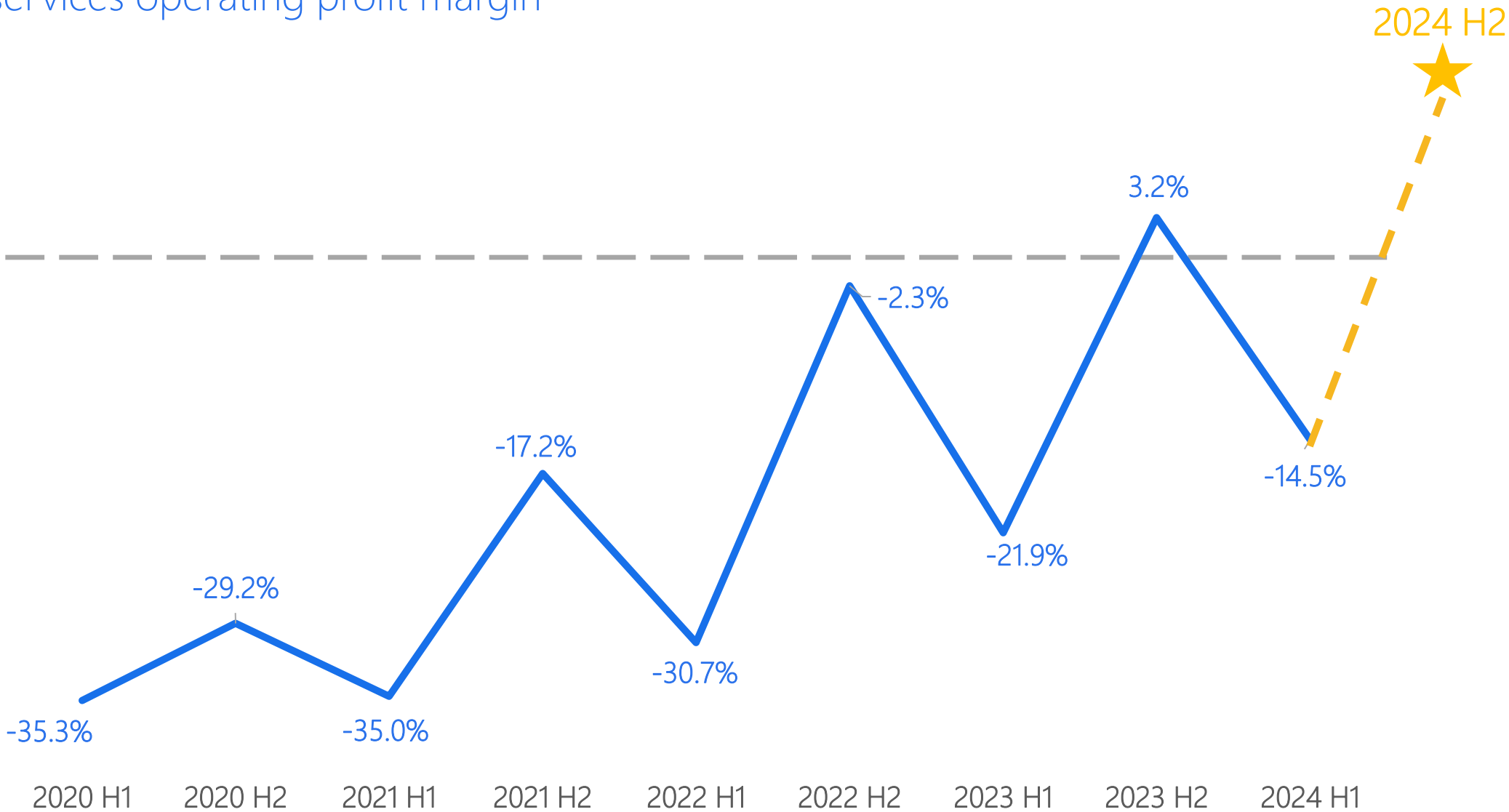
(RMB MN)



Cloud Services Improving Loss/Profit Margin

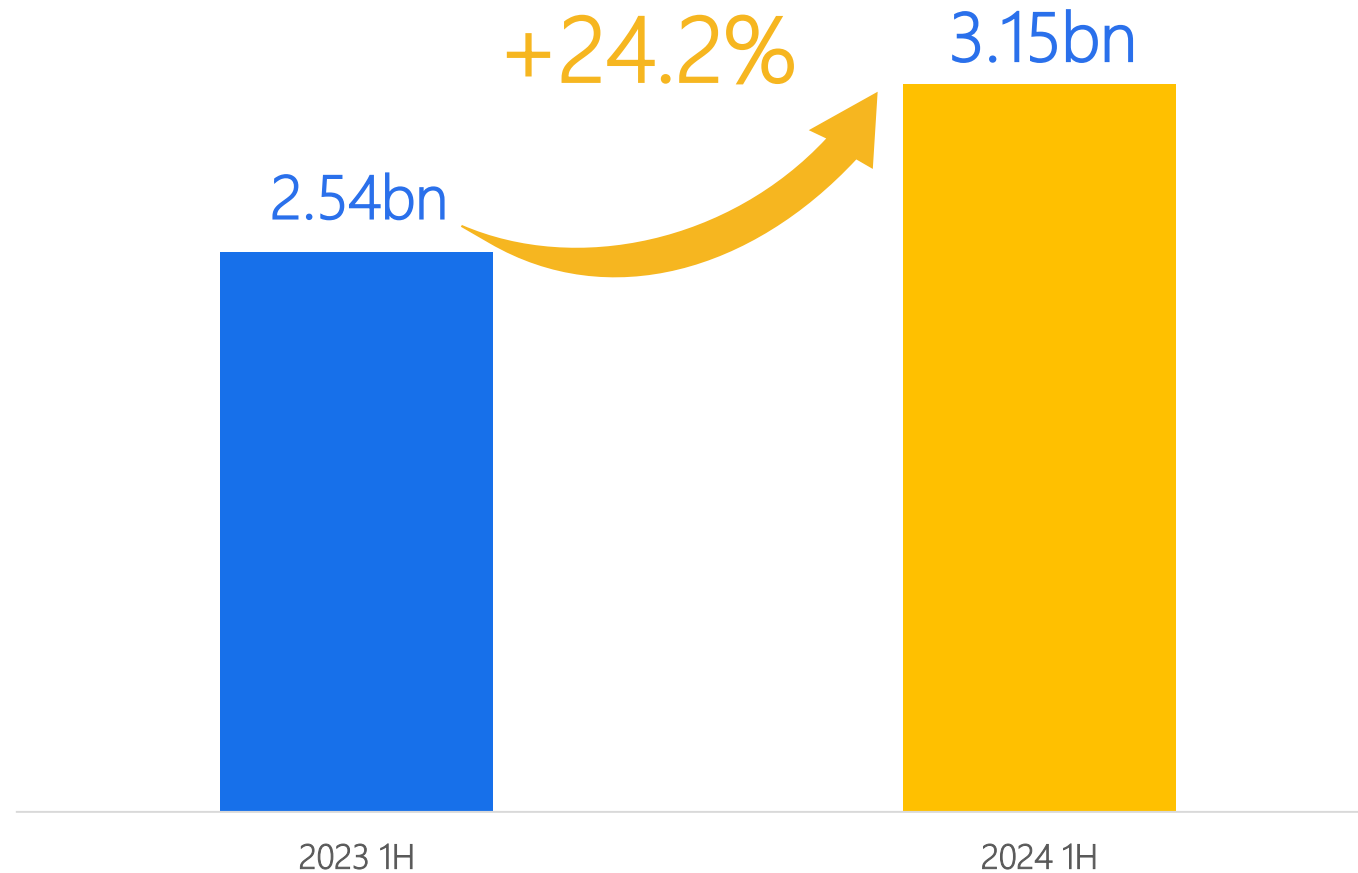


Cloud services operating profit margin



Cloud Subscription Services

Subscription ARR (RMB)

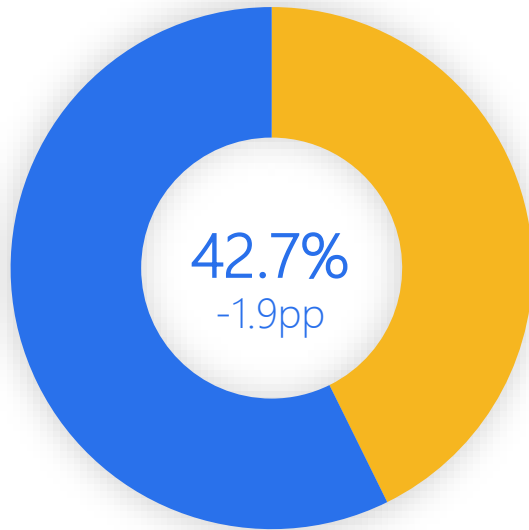


ARR represents annual recurring revenue

Operating Expense

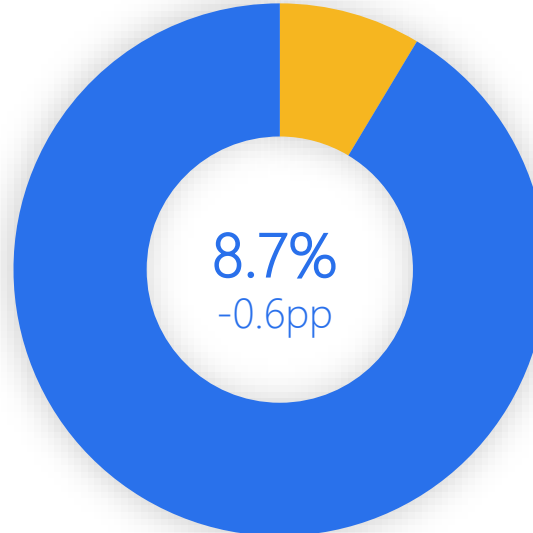


RMB1,222mn
+7.2% yoy growth



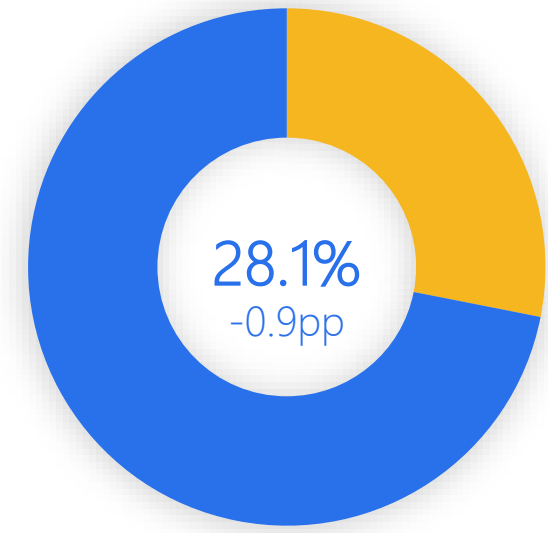
S&M
as a % of total revenue

RMB250mn
+4.2% yoy growth



G&A
as a % of total revenue

RMB 810mn
+8.4% yoy growth



R&D
as a % of total revenue

R&D investments: RMB852mn, +2.8yoy
R&D Capitalization rate: 33.6%

02

Kingdee Cloud Business Update

Kingdee Cloud Cosmic

Kingdee Cloud Constellation



 Contract signed
in 2024 1H
RMB900_{mn}

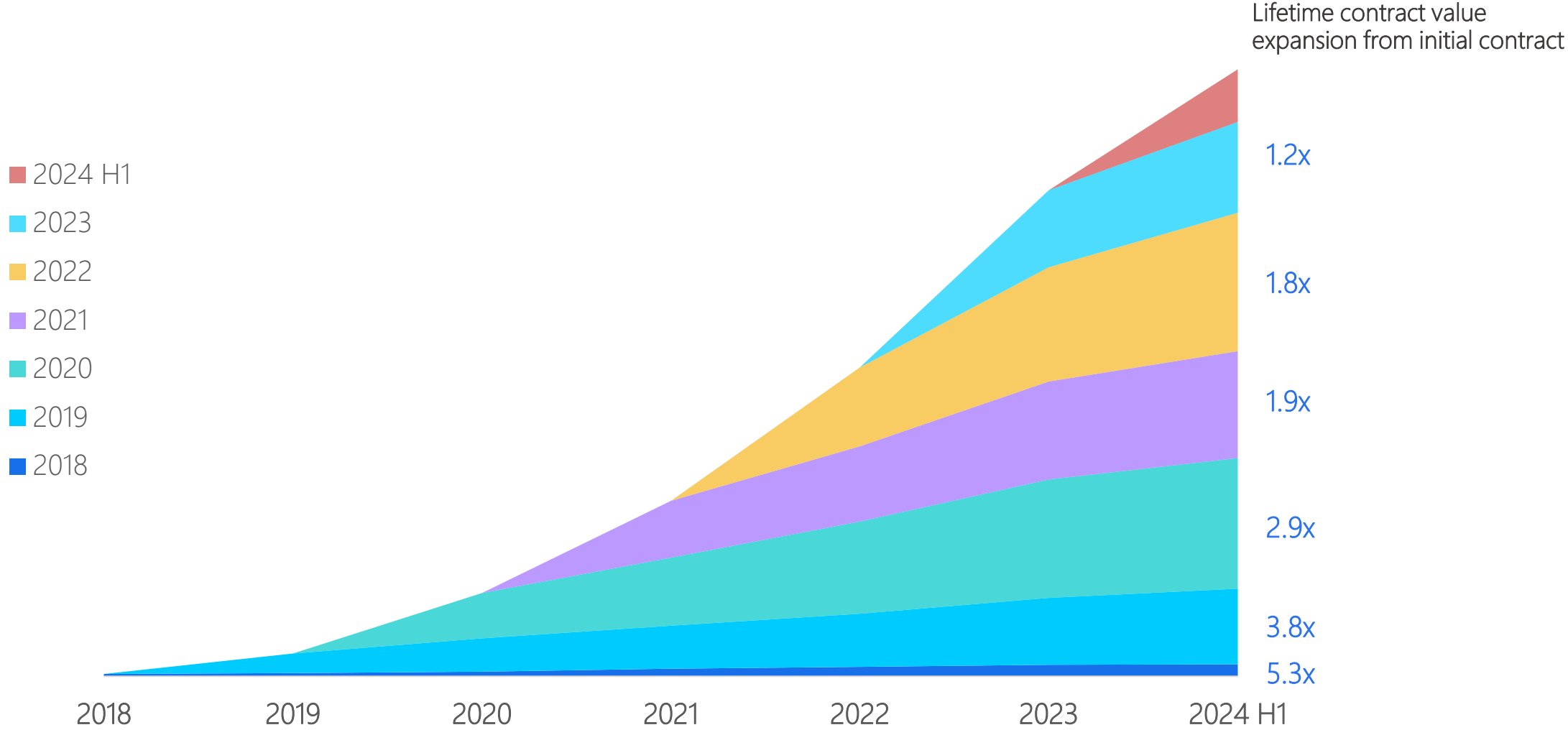
 New Customers
275

 ARR Growth
+29%

 Net Dollar Retention
(NDR)
97%

Cosmic & Constellation Customer Cohort Growth

Customer lifetime contract value contribution

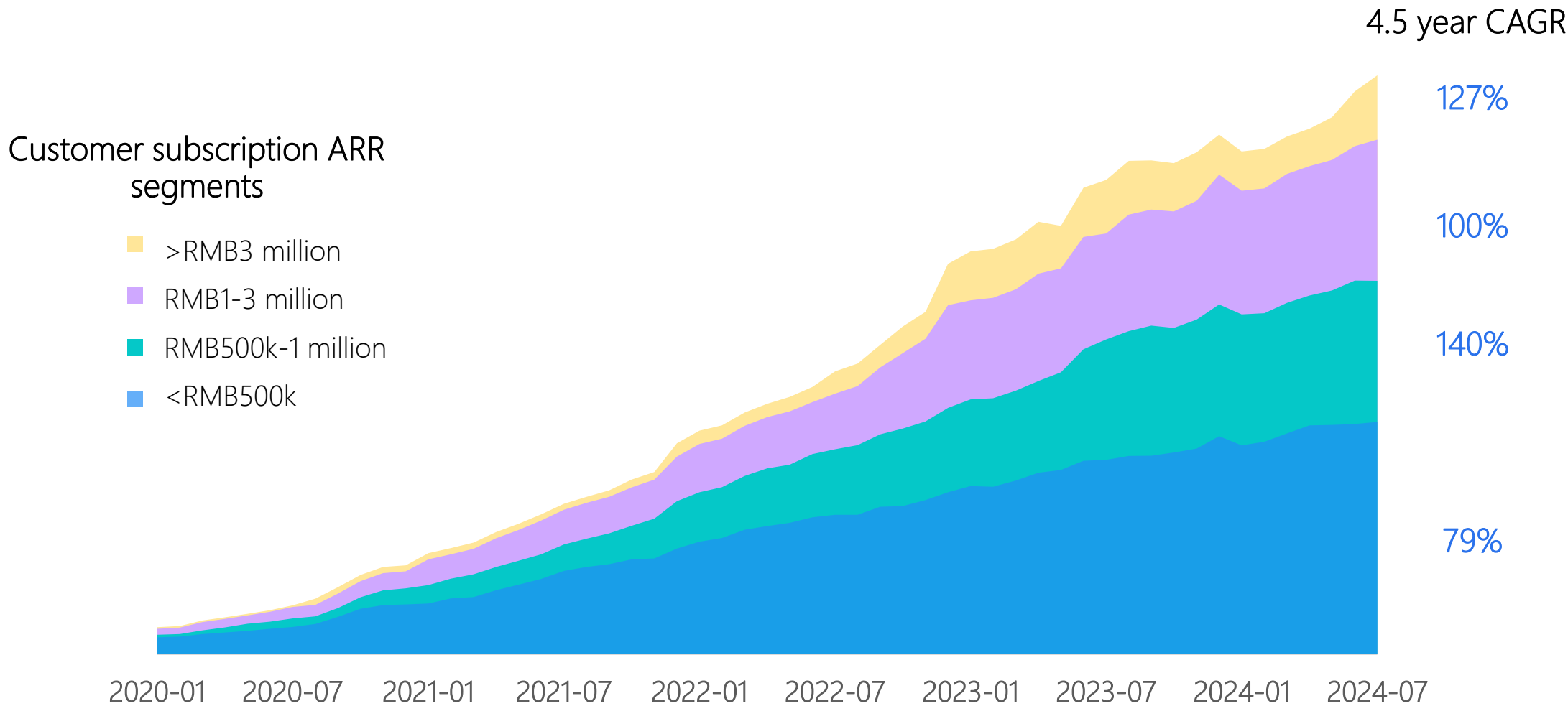


As illustrated above, 2020 customer cohort started from initial contract value of RMB420 million, and their lifetime contract value reached RMB1.22 billion as of 2024 H1.

Cosmic & Constellation Average ARR Improving Consistently



Customers with over RMB1 million ARR contributing 35% of total subscription



Kingdee Cloud Galaxy



Advance Manufacturing



High-Tech



New Energy



Life Sciences



New Materials



Consumer



Net customer base

42,000



ARR Growth

+24%



Net Dollar Retention (NDR)

95%



Operating Margin

20%

Kingdee Cloud Stellar

Kingdee Cloud Jingdou



Net customer base

63,000



Net Dollar Retention (NDR)

92%



Net customer base

335,000



Net Dollar Retention (NDR)

87%



Operating Margin

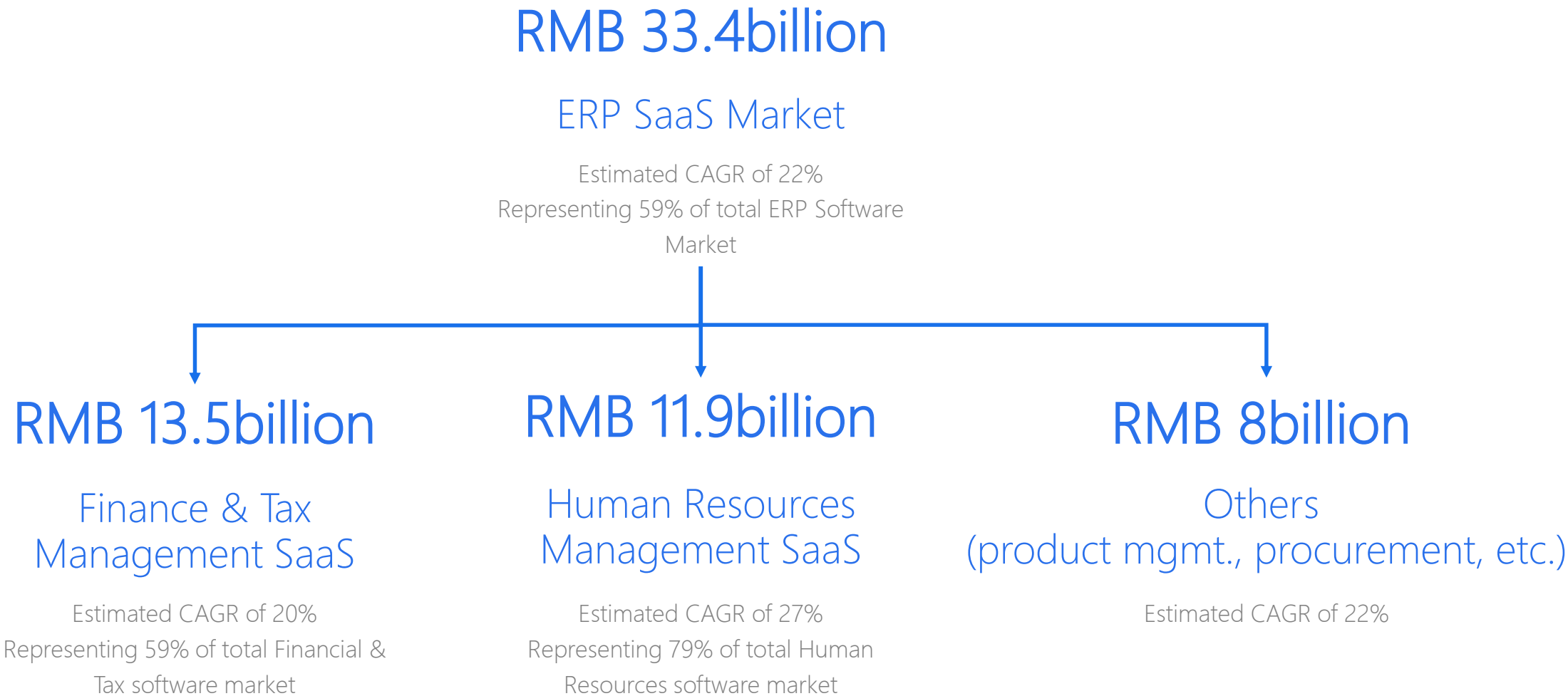
40%

03

China Enterprise SaaS Market Outlook

China ERP SaaS Market Outlook

Public Cloud Subscription Market in 2027



Source: IDC 2023H2 China Enterprise Application Market Report, Kingdee

AI to Reshape Enterprise Software in the Next 30 Years

The Gartner logo, consisting of the word "Gartner" in white sans-serif font on a dark blue square background.

Gartner

By 2027, at least **50%** of AI functions in ERP applications will be **realized** through **generative AI**.

By 2027, **60%** of customers will choose software with **platform capabilities** and **business process orchestration** when replacing ERP applications.

The capabilities of GenAI to "**autonomously generate insightful reports**" and "**perform automated repetitive tasks**" will transform the ERP market.

- Forecast 2024: ERP Improving Plans Using Automation and AI- Gartner, April 2024

The IDC logo, featuring a stylized white icon of three horizontal lines and the letters "IDC" in white sans-serif font on a blue square background.

IDC

AIGC will **accelerate the formation of super entry points**, with application software presenting the new form of "no app". The way software is operated will be greatly simplified, enabling **direct dialogue to access various tools**. Applications will be more integrated, breaking down silos. All SaaS companies will fully embrace AI, and software companies will eventually become **intelligent system operators**. The two main focuses will be revamping existing software to achieve **intelligent upgrading** and reconstructing **application architectures and models**.

- White Paper on Top 10 Trends in AIGC Application Layer for 2024- IDC, April 2024



A comparison of the AI top 50 lists of 2023 and 2024 highlights a trend of generative AI's application hotspots shifting towards "**how to improve enterprise and industry productivity**." Meanwhile, we are starting to see many companies **integrating AI into their workflows** to quickly complete KPIs.

- AI 50 2024- Sequoia Capital, April 2024

Kingdee Cloud Cosmic

Next generation enterprise AI platform



Rebuild technology base

AI-Native technology based on LLM

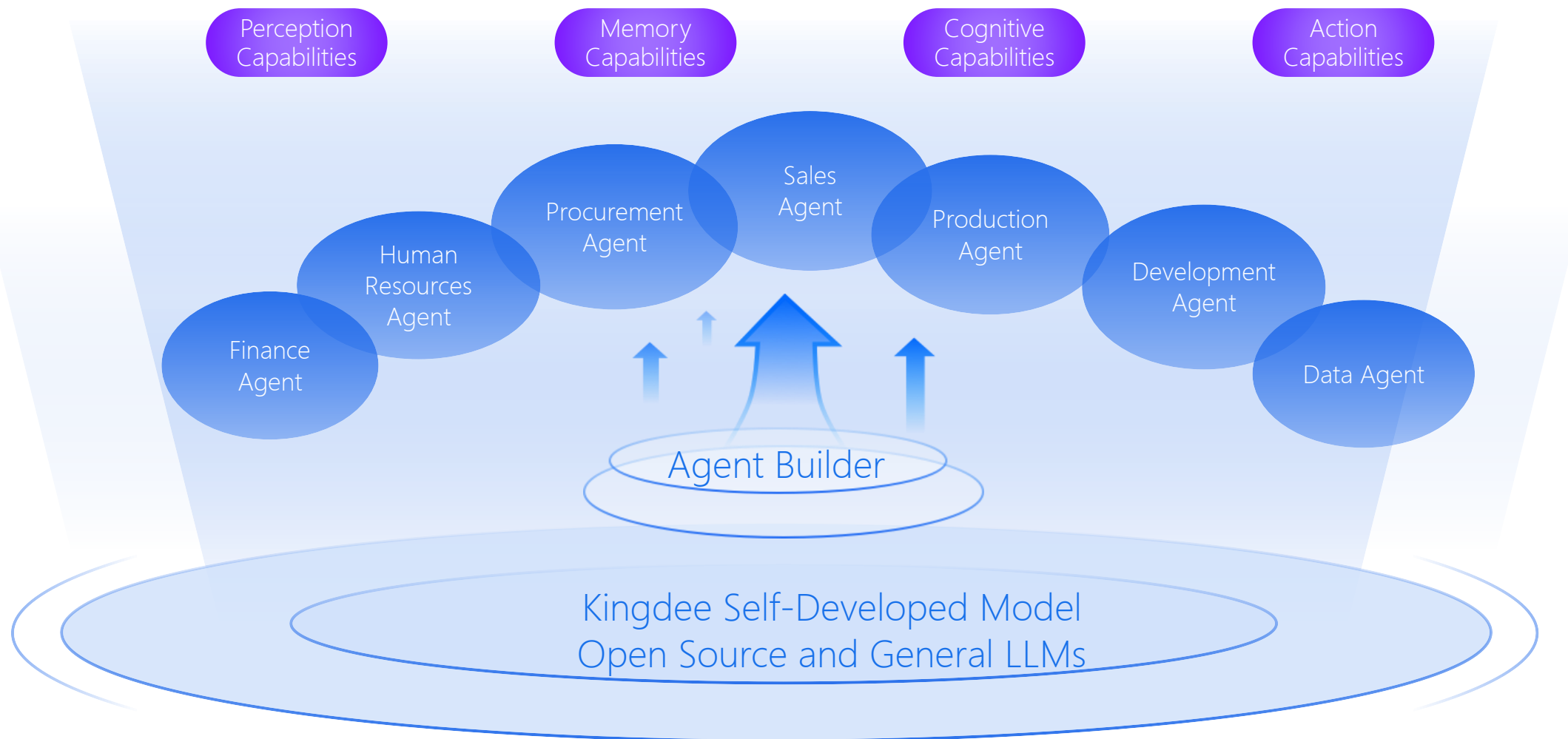
Rebuild development process

Cosmic Studio
(AI native development platform)

Rebuild user experience

Conversational interaction +
Agent automaton

Cosmic Your AI Management Assistant





04



Appendix

Income Statement



(RMB '000)	2024 H1	2023 H1	YoY change
Revenue	2,870,025	2,565,850	11.9%
Cost of Sales	-1,054,838	-977,080	8.0%
Gross Profit	1,815,187	1,588,770	14.3%
<i>Gross Margin</i>	<i>63.2%</i>	<i>61.9%</i>	<i>+1.3pp</i>
Operating Expenses	-2,304,186	-2,160,938	6.6%
Other Incomes & Gains-Net	171,939	183,977	-6.5%
Operating Profit	-317,060	-388,191	NA
<i>Operating Profit Margin</i>	<i>-11.0%</i>	<i>-15.1%</i>	<i>+4.1pp</i>
Finance Income– net	47,722	47,195	1.1%
Loss before Income Tax	-263,285	-325,560	NA
Net Profit – Owner of the company	-217,851	-283,535	NA
<i>Net Profit Margin</i>	<i>-7.6%</i>	<i>-11.1%</i>	<i>+3.5pp</i>
Basic EPS(cents)	-6.12	-8.23	NA

Revenue by Segments

(RMB '000)	2024 H1	% of Total Revenue	2023 H1	% of Total Revenue	YoY Change
Cloud services business	2,389,247	83.2%	2,038,598	79.5%	17.2%
-Enterprise Cloud Services	1,683,716	58.6%	1,404,558	54.8%	19.9%
-Small & Micro Business Finance Cloud Services	587,926	20.5%	501,028	19.5%	17.3%
-Industry Cloud Services	117,605	4.1%	133,012	5.2%	-11.6%
Management Software business and Others	480,778	16.8%	527,252	20.5%	-8.8%
Total	2,870,025	100.0%	2,565,850	100.0%	11.9%

R&D Expenses



(RMB '000)	2024 H1	2023 H1	YoY Change
Salaries and staff welfare	831,554	806,158	3.2%
Fixed costs	12,208	14,064	-13.2%
Professional service costs	2,360	3,244	-27.3%
Travelling costs	4,385	4,160	5.4%
Others	1,514	1,562	-3.1%
Total R&D costs	852,021	829,188	2.8%
Less: development costs capitalised	286,399	270,811	5.8%
Capitalization rate	33.6%	32.7%	
Add: amortisation	241,073	185,659	29.8%
Total R&D expenses	806,695	744,036	8.4%
R&D expenses / Revenue	28.1%	29.0%	-0.9pp

Selling & Marketing Expenses



(RMB '000)	2024 H1	2023 H1	YoY Change
Salaries and staff welfare	762,259	711,075	7.2%
Sales promotion & marketing	362,063	330,934	9.4%
Fixed costs	47,133	45,706	3.1%
Travelling expenses	33,968	33,624	1.0%
Project cooperation fee	7,116	8,638	-17.6%
Others	11,975	12,340	-3.0%
Total	1,224,514	1,142,317	7.2%
S&M % of Total Revenue	42.7%	44.5%	-1.9pp

Administrative Expenses



(RMB '000)	2024 H1	2023 H1	YoY Change
Salaries and staff welfare	203,732	190,583	6.9%
Fixed costs	22,627	22,715	-0.4%
Professional service costs	14,796	15,354	-3.6%
Employee recruitment and training expenses	1,752	2,015	-13.1%
Travelling costs	2,089	2,136	-2.2%
Others	2,808	4,903	-42.7%
Total	1,232	1,247	-1.2%
Administrative expenses / Revenue	249,036	238,954	4.2%

Other Income and Gains -Net



(RMB '000)	2024 1H	2023 1H	YoY Change
VAT refund	58,940	52,513	12.2%
Government projects	76,343	76,798	-0.6%
Rental income - net	27,137	34,584	-21.5%
Others	9,519	20,082	-52.6%
Total	171,939	183,977	-6.5%
VAT % of Total Revenue	2.1%	2.0%	+0.1pp

Cloud Contract Liabilities



(RMB '000)	2024 1H	2023 1H	YoY Change
Total Cloud Contract Liabilities	3,094,930	2,554,098	21.2%
- Subscription related	2,708,222	2,113,082	28.2%
- Others	386,708	441,016	-12.3%



ありがとう
感谢 Thanks
ขอบคุณ
Terima kasih 谢谢