



Kingdee International Software Group

2023 Annual Results Announcement

Stock Code: 268.HK

19 March 2024

01	Financial Review	P 05
02	Kingdee Cloud Business Update	P 11
03	China Enterprise SaaS Market Outlook	P 21
04	Appendix	P 28

2023 Overview



Group revenue
RMB 5.68bn

16.7% 



Subscription ARR
RMB 2.86bn

33.1% 



Operating cash flow
RMB 653mn

74.5% 



Net loss attributable to shareholders
RMB 210mn

46.1% 



Cash reserves
RMB 5.7bn

Kingdee at a Glance



Enterprise Business Capability (EBC)

Platform + Finance & HR & Tax + Ecosystem

Committed to be the most trustworthy enterprise service platform



Global Leading, China No.1 Enterprise Management Cloud SaaS

- No.1 ESG rating in China software in The Sustainability Yearbook 2023 (China) by S&P Global
- IDC 2023 Global Customer Satisfaction Award for Financial SaaS, the only company in China to sweep both the Financial and ERP satisfaction awards.
- The only Chinese vendor ranked among the top 10 Gartner's high-productivity aPaaS platform vendors for three consecutive years, as well as the only Chinese vendor entered into IDC's Asia Pacific SaaS and Cloud-based ERP Applications 2023 Vendor Assessment
- The Highest national award in the field of standardization in China, the "China Standard Innovation Contribution Award" - First Prize.
- No.1 market share in China for IDC 2023 H1 SaaS ERM (Enterprise Resource Management Cloud Services) and financial cloud services.
- Maintaining the No.1 market share in the application software market for growing enterprises in China for 19 consecutive years by IDC



Serving over Half of China Top 500 Companies

New choice for China Top 500 Companies



Serving 43% of the "Specialized & New" Companies

Major driver for China's new economy and smart manufacturing



12,348

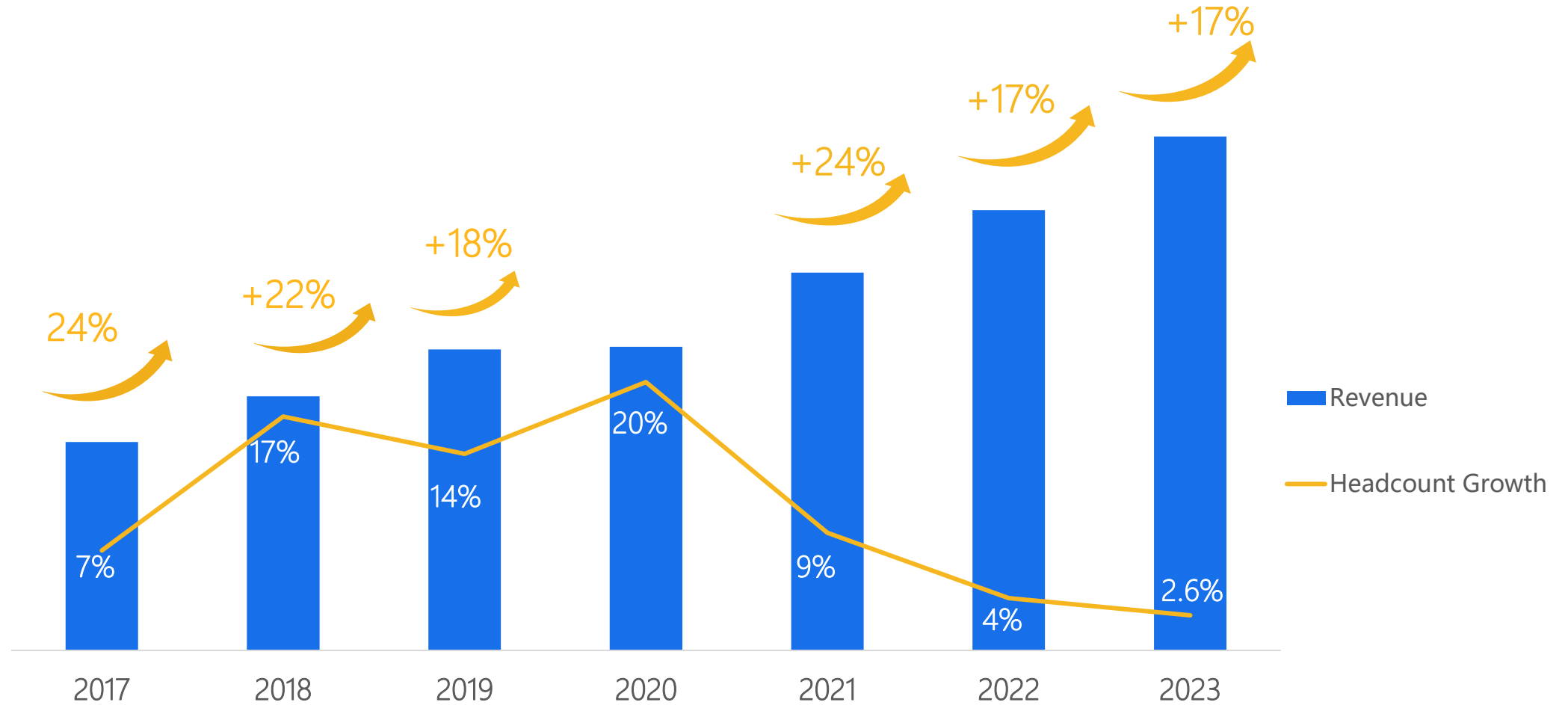
Total Headcount (+2.6% yoy)

01



Financial Review

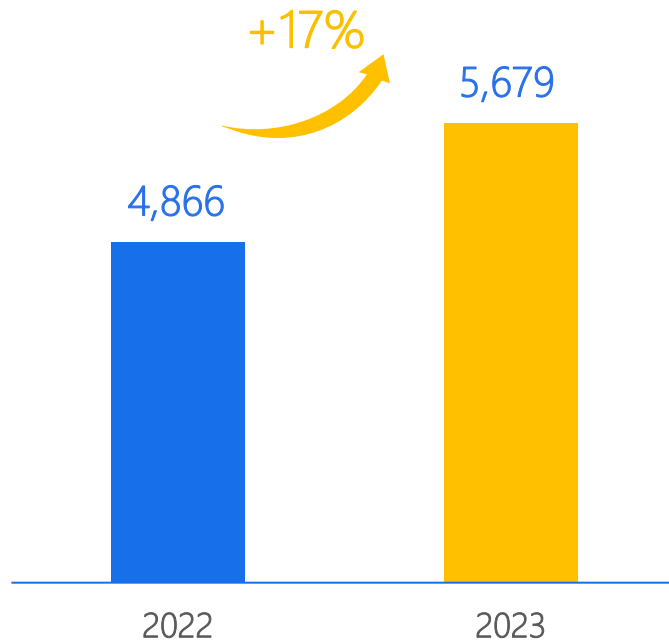
Focused on Cloud Subscription for High Quality Growth



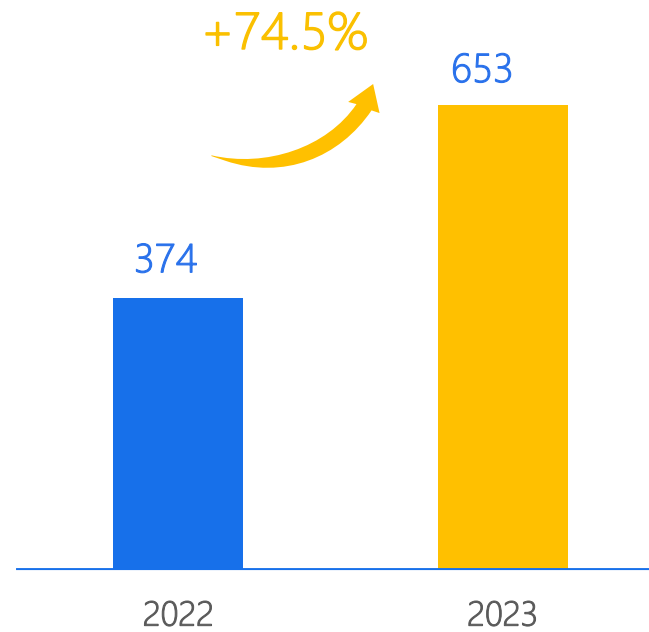
In 2020, the Group continued to deepen its cloud transformation, focusing on the development and promotion of cloud subscription products, and actively and gradually reducing the sales of ERP licenses.

Financial Summary

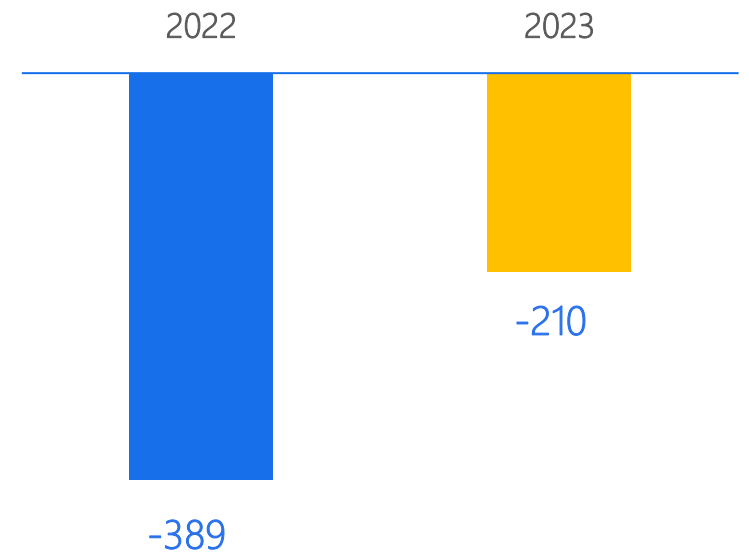
(RMB million)



Group Revenue

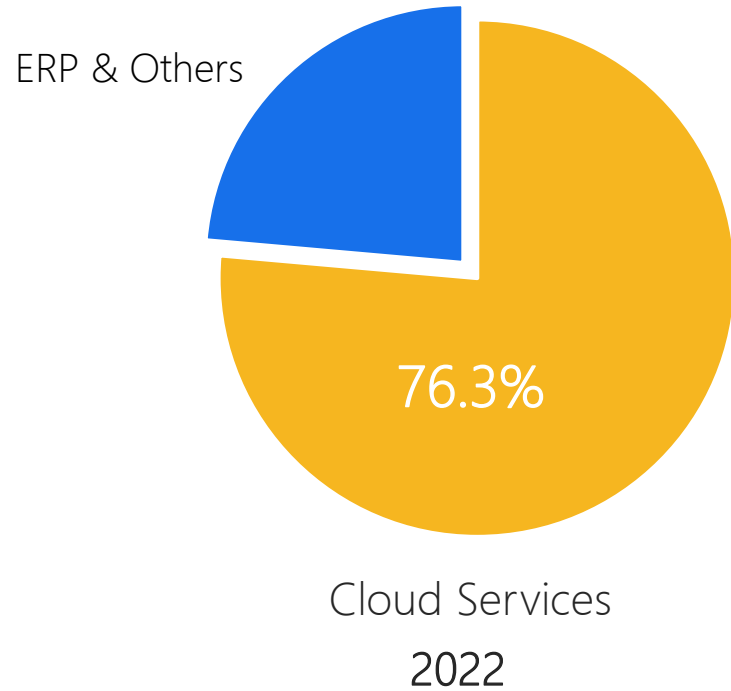


Net Operating Cash Flow

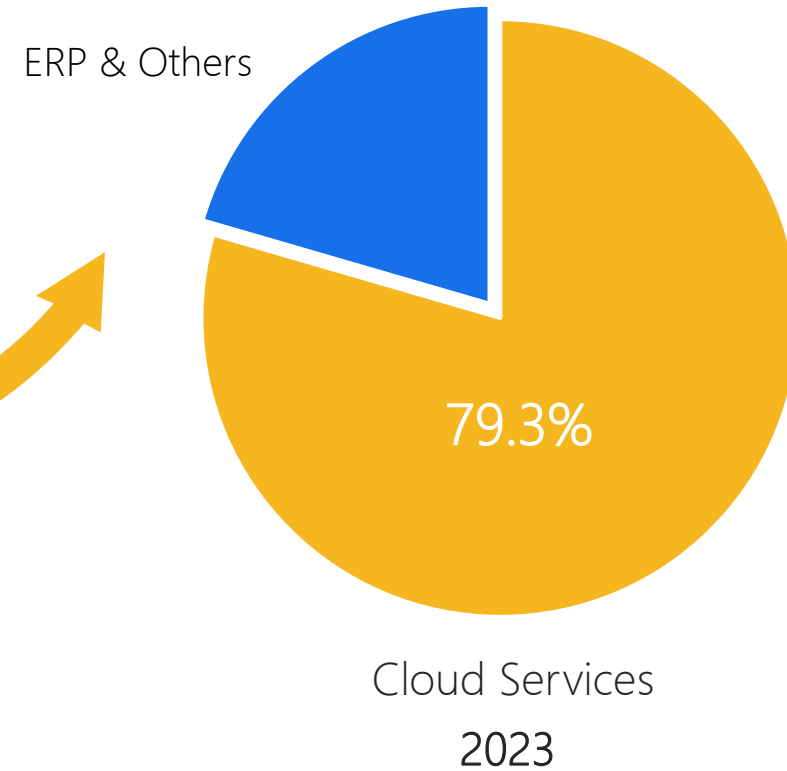


Net loss attributable to shareholders

Growth of Cloud Services

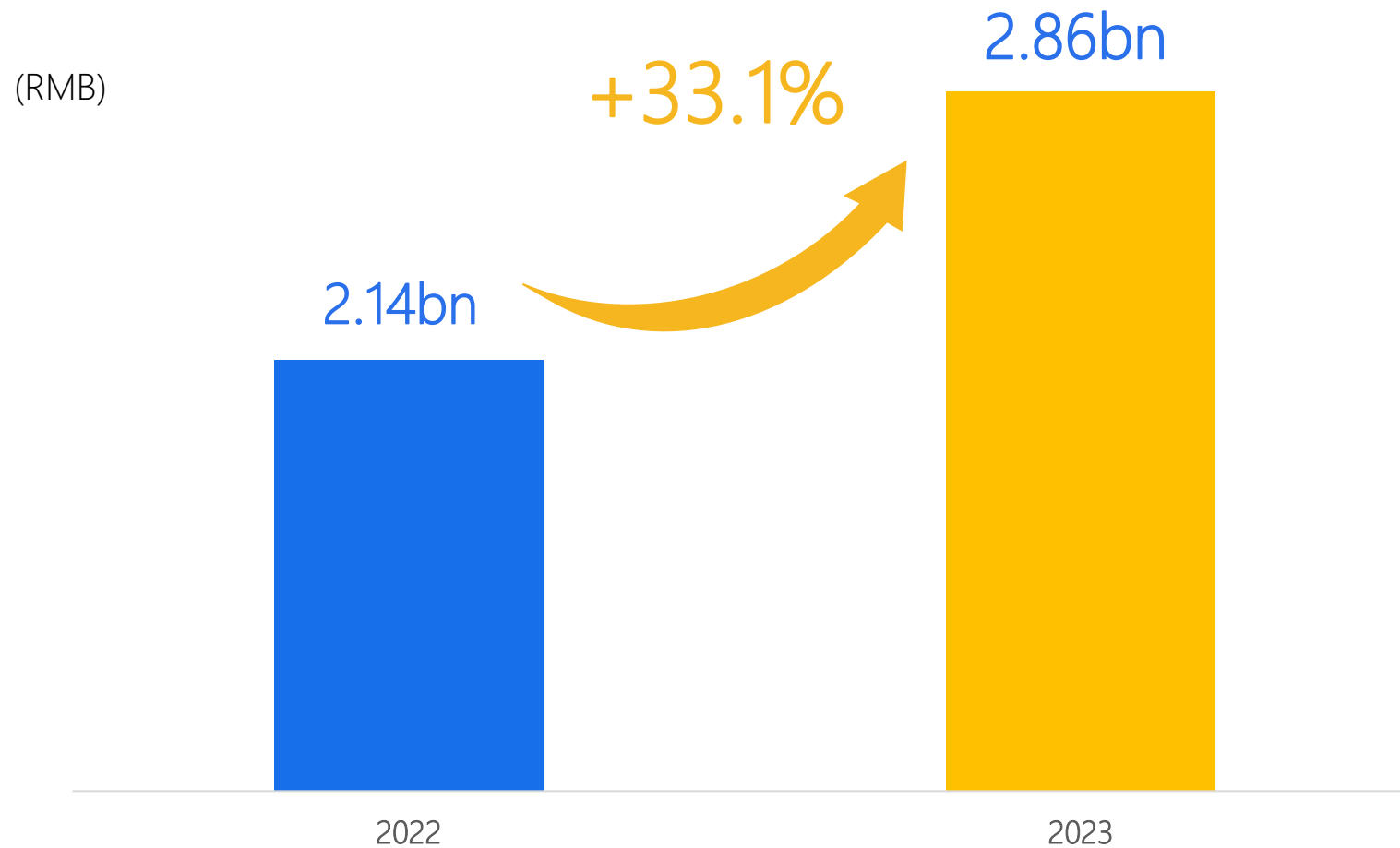


+21.3%



Growth of Cloud Subscription

Subscription ARR

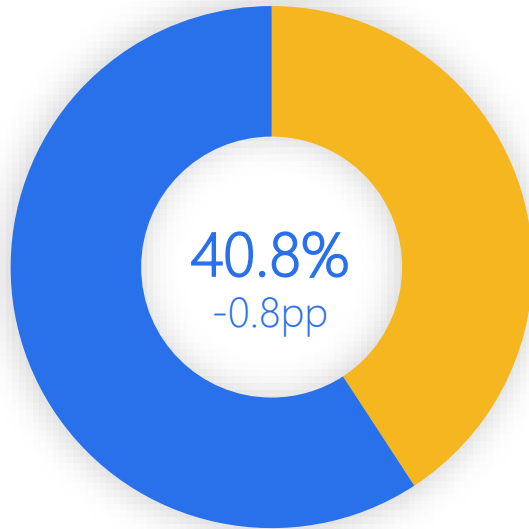


ARR represents annual recurring revenue

Operating Expenses

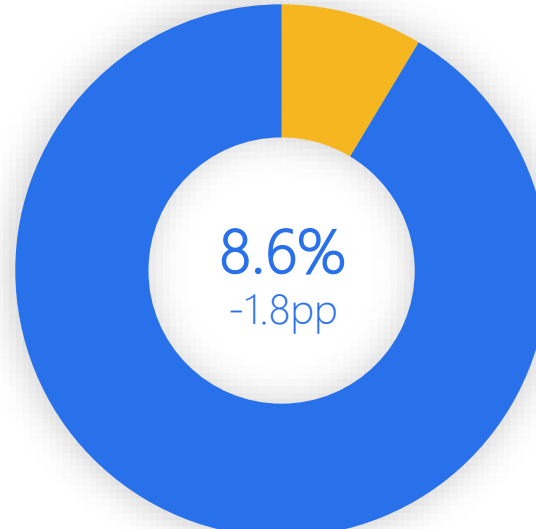


RMB2,320mn
+14.5% yoy growth



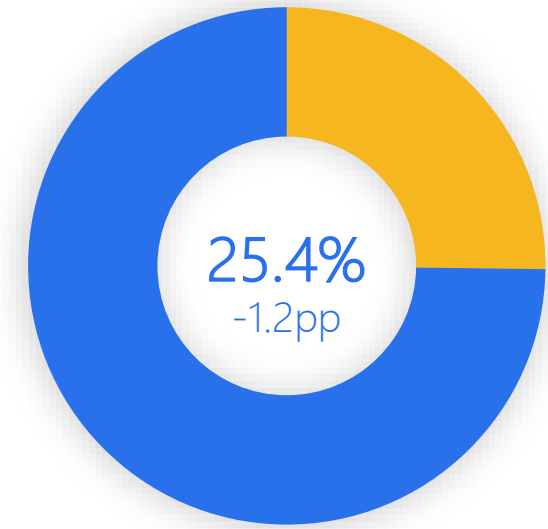
S&M
as a % of total revenue

RMB 490mn
-2.8% yoy growth



G&A
as a % of total revenue

RMB 1,440mn
+11.1% yoy growth



R&D
as a % of total revenue

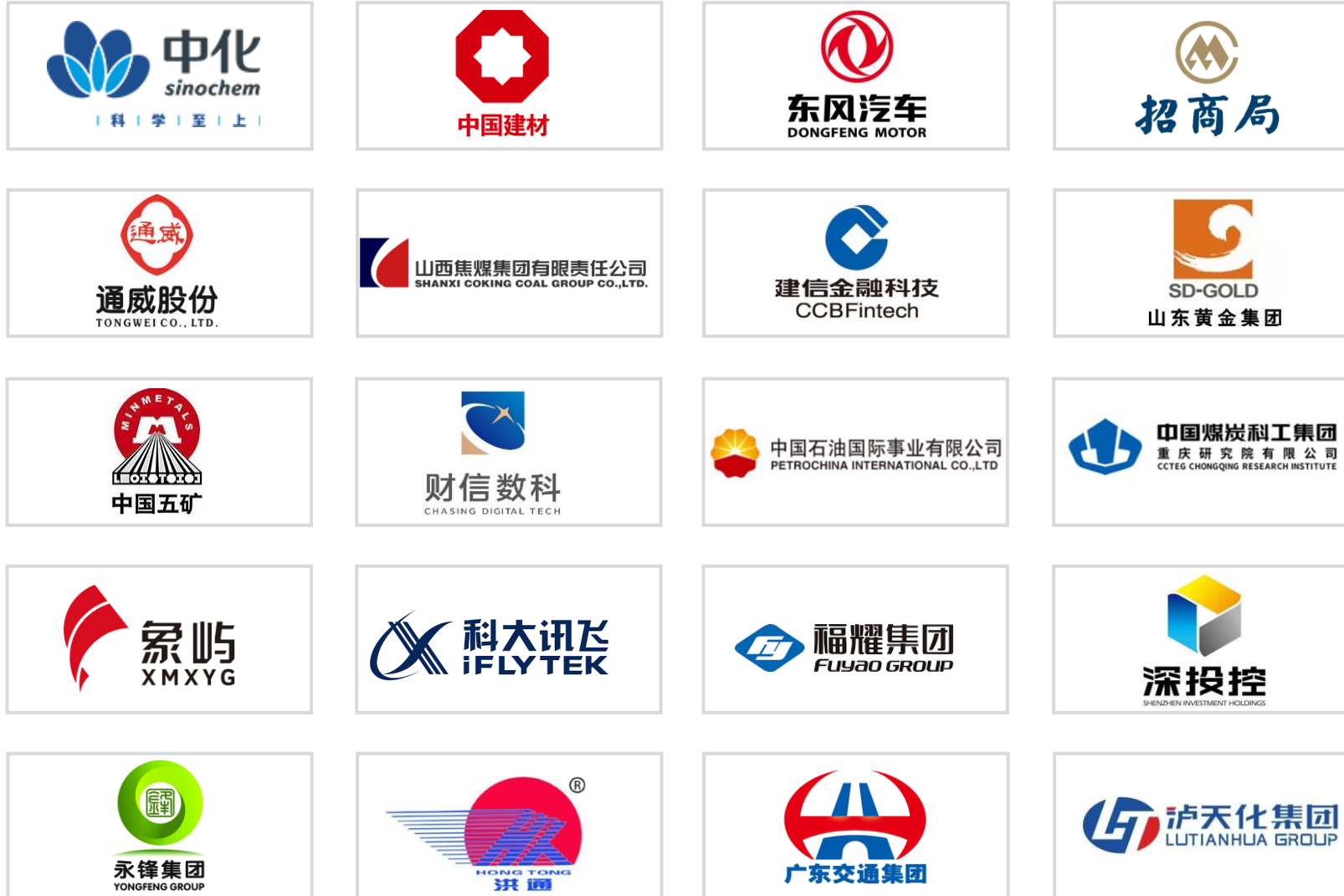
R&D investments: RMB1,510mn, +3.5% yoy
R&D Capitalization rate: 31.7%

02



Kingdee Cloud Business Update

Kingdee Cloud Cosmic Kingdee Cloud Constellation



Contract signed
in 2023
¥1.4bn



New Customers
647



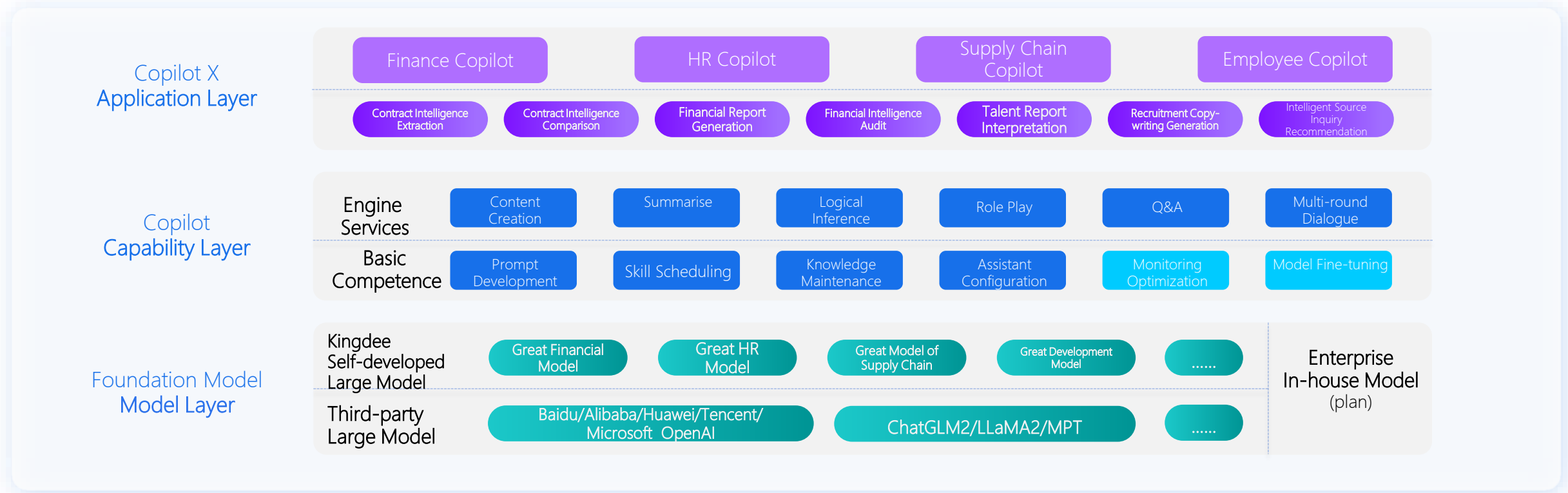
ARR Growth
+48.7%



Net Dollar Retention
(NDR)
105.3%

Kingdee Cloud Cosmic GPT

Best AI model for enterprise management



Multi-model capability

Multi-model framework
Financial vertical model
Tens of billions of parameters

Multi-task scheduling

Automatic decomposition of scene tasks
Global scheduling of capabilities
Multimodal display of results

Knowledge-based intelligence engine

Support private domain enterprise knowledge
Understand unstructured data
Generating accurate Q&A

Customized extensions

Integration with KDDM
Support for plug-in mechanism
Open API

Security

Legal & Compliant
Ethical judgement
Trusted user interaction

Cosmic GPT+X

More enterprise management scenarios



Scenarios	Past	Now
 Financial sharing service customer service	Pre-set Q&A	Understanding intention & Generative answers
 Contract & Payment approval	Structured data review	Structured + Unstructured data review
 Budget planning	Forecast support, Data provision	Prediction enhancement, Expert advice
 JD generation & optimization	Template matching	Fast response of generative content
 Intelligent receipts & invoices entry	Manual input	Automatically generative graphical documents from multiple sources including emails and chat tools
.....		

Cosmic GPT application Intelligent Q&A



我希望选择物料的时候，可以自动带出当前物料的采购单位，有哪几种方案？

已为您提供两种方案：

1.配置基础资料属性

- a.在物料的引用属性中，选择采购单位字段
- b.新增基础资料属性字段，关联物料基础资料

2.配置业务规则：

- a.打开规则设计器
- b.配置前置条件及成立条件：当物料不为空时，物料采购单位赋给相应字段

2项参考内容

轻松配置业务规则

规则配置

技能

“规则生成”

“插件生成”

“工作流生成”



输入你的问题，或选择一项“技能”



Cosmic GPT was trained with Kingdee Cloud Community data, which could provide relevant answers and recommended training lessons, to help developers systematically learning Kingdee products



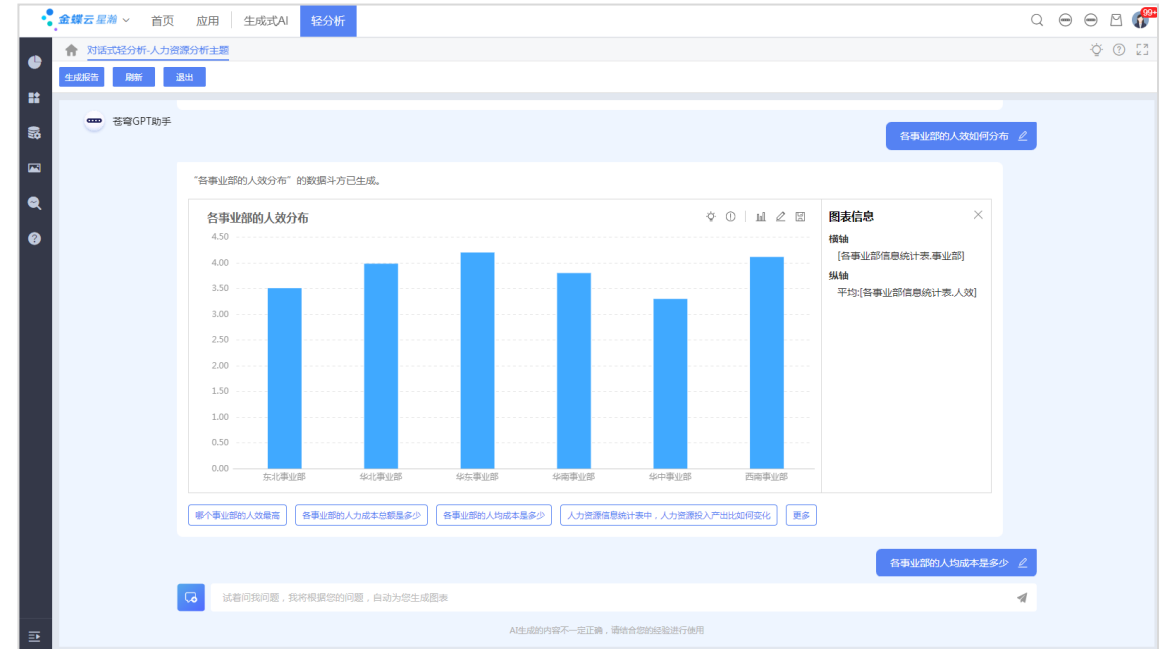
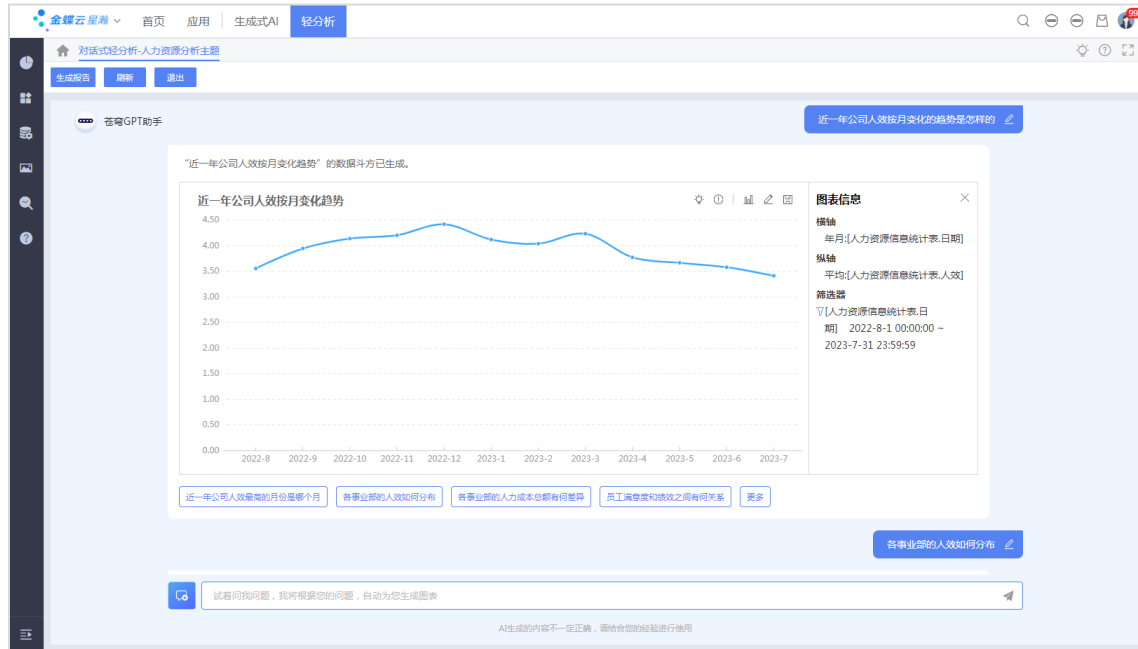
Knowledge



Training lessons

Cosmic GPT application

Conversational data analysis



Combining with Data Analysis platform, Cosmic GPT builds the conversational data analysis platform to meet the demand of data analysis and visualization in various enterprise management scenarios:

- Conversational data analysis platform can generate visualized content through conversations and recommendations, as well as provide intelligent interpretation and business insights. The platform is also able to generate Office Word reports including charts and insights.
- Users can also gain valuable insights without advanced data analysis skills, significantly improving the efficiency and ability of users to make data-driven decisions.

Kingdee Cloud Galaxy



Advance
Manufacturing



New Energy



New
Materials



High-Tech



Life Sciences



Consumer



Net customer base

39,000+



ARR Growth

+29.2%



Net Dollar Retention (NDR)

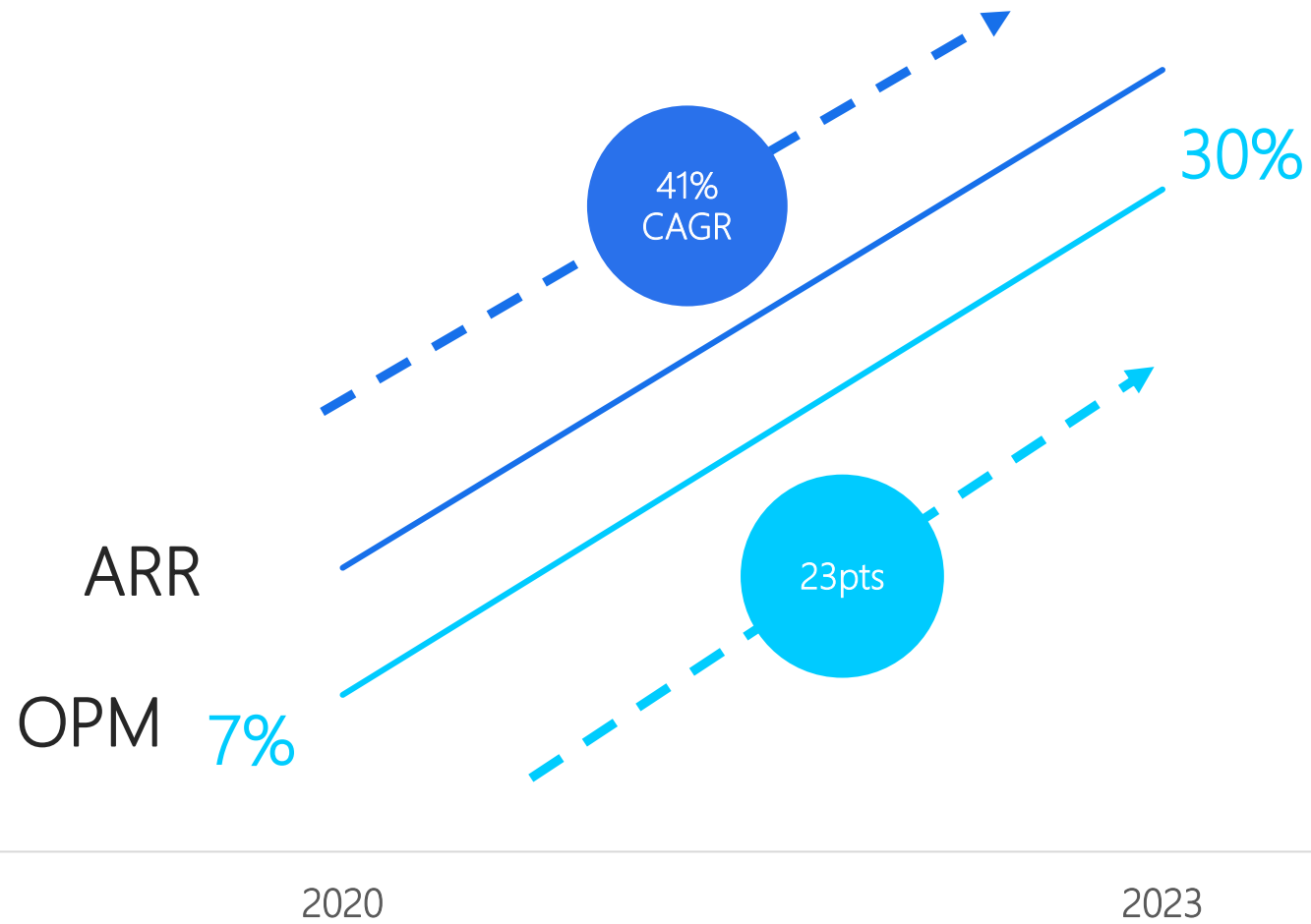
97.2%



Operating Margin

22%

The OPM improvement for Galaxy Enterprise & Galaxy Standard



Kingdee Cloud Galaxy

Assisting 1,000+ enterprises going global



Fortune China 500 multinational building material, with over 300 branches and subsidiaries in 11 foreign countries

Invest,
Build,
& Succeed

Link with
2,000+ suppliers

Global e-commerce order
execution efficiency up by
10%

Global multi-financial
accounting system



Leading grain machinery enterprise, with a presence in over 40 countries and regions, serving global grain companies.

Inventory turnover ratio
up by **10%**

Procurement payment approval
efficiency up by **20%**

Product costing estimate cycle
reduced by **5 days**



Leading automotive thermal management enterprise, with 6 global production bases, serving more than 25 OEMs worldwide

The launch of Kingdee Galaxy aligns with Aotecar's strategic direction for IT development, helping Aotecar in managing business scenarios across countries, regions, and organizations. During this process, we encountered many local compliance, taxation, and digital service requirements in overseas markets. Kingdee leveraged its rich industry experience to lay a solid foundation for promoting Aotecar's digital transformation."

- Xue Chen, CIO, Aotecar New Energy Technology Co., Ltd.

Kingdee Cloud Stellar

Kingdee Cloud Jingdou



Net customer base

51,000



Net Dollar Retention (NDR)

90.8%



Net customer base

306,000



Net Dollar Retention (NDR)

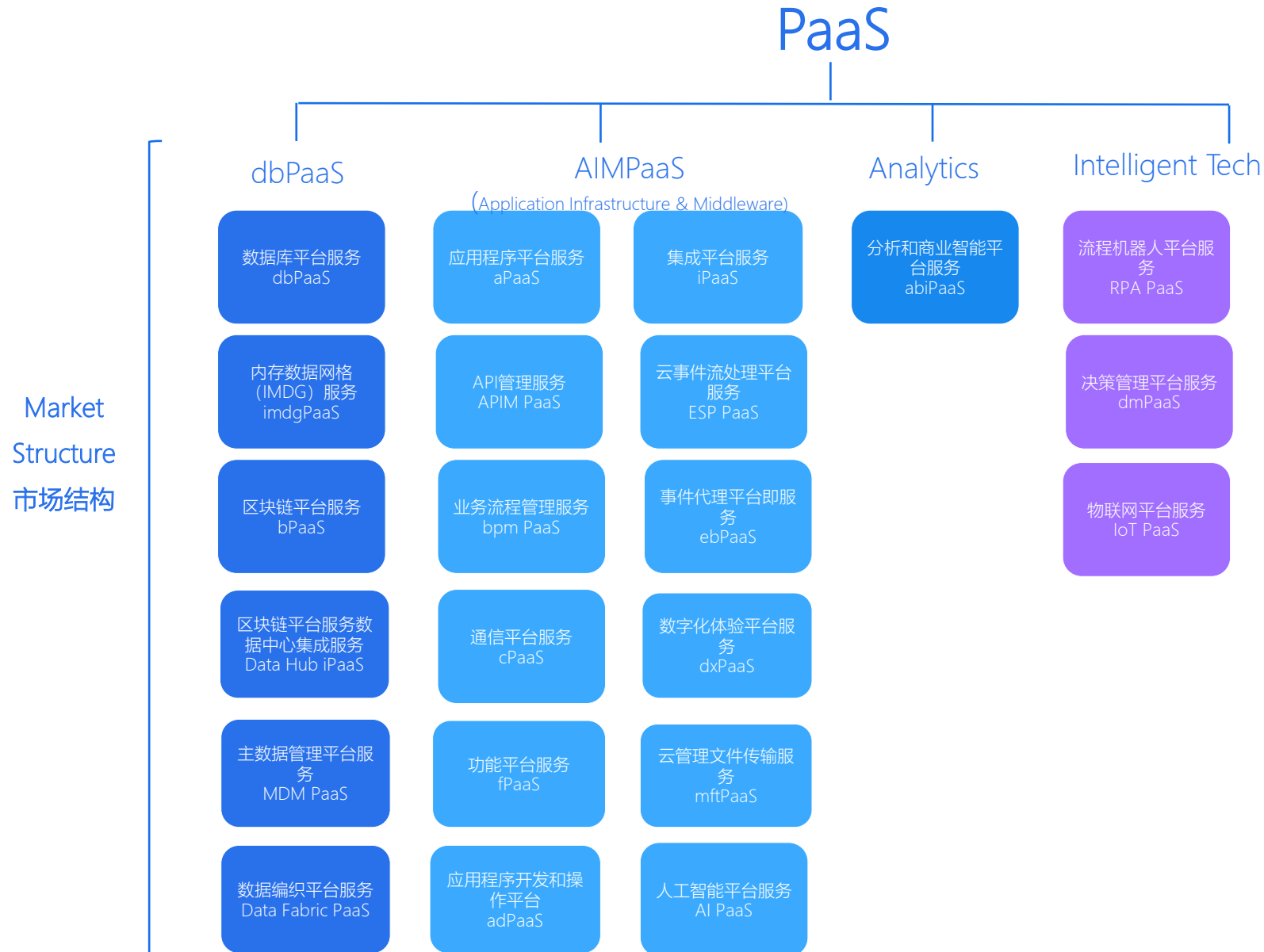
86.9%

03



China Enterprise SaaS Market Outlook

Platform-as-a-Service Outlook



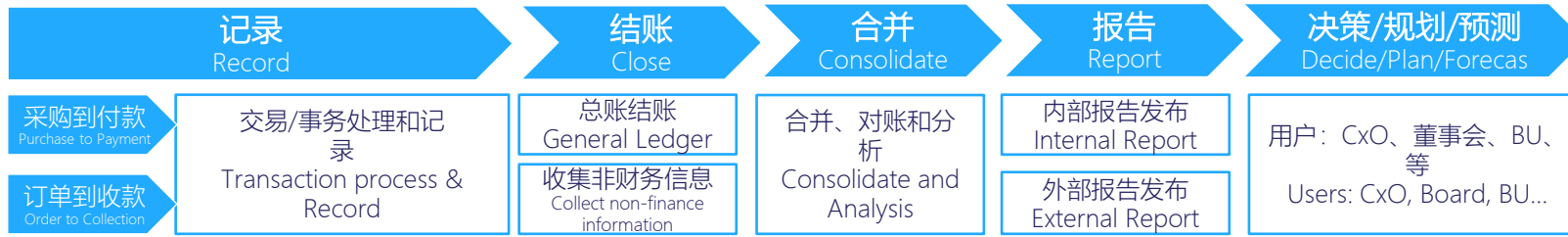
~¥23bn

Product TAM for ERP AIMPaaS by 2030

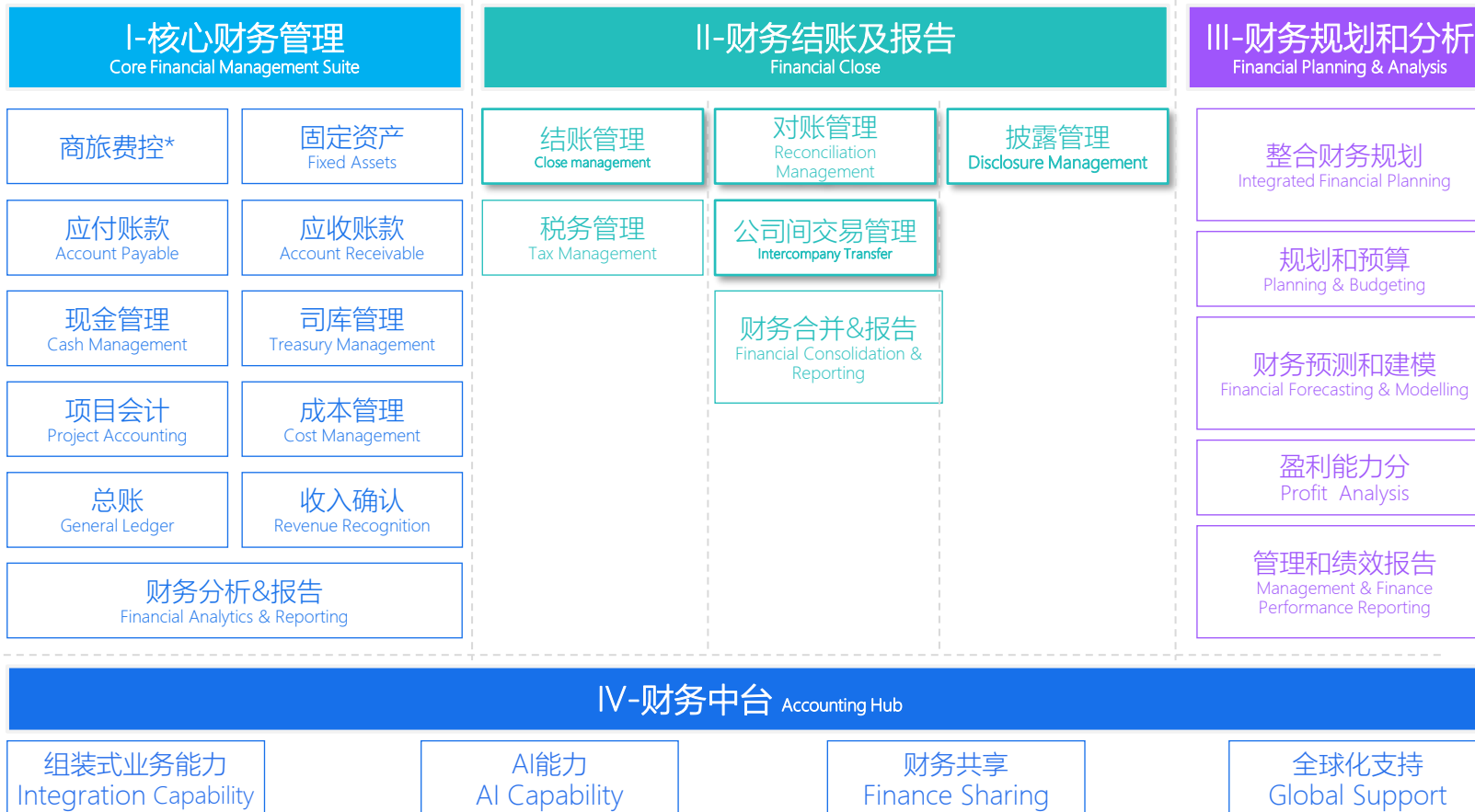
Financial Software SaaS Market Outlook



Key Process
关键流程



Market Structure
财务市场结构图



~¥47.5bn

Product TAM for China
Financial Software SaaS
by 2030

Human Capital Software/SaaS Overview



~¥44bn

Product TAM for China
Human Capital Software
SaaS by 2030

Building a win-win Kingdee Partner Ecosystem



Constantly improving customer satisfaction with Kingdee Customer Success

879

Customer Appreciation Letters

121%

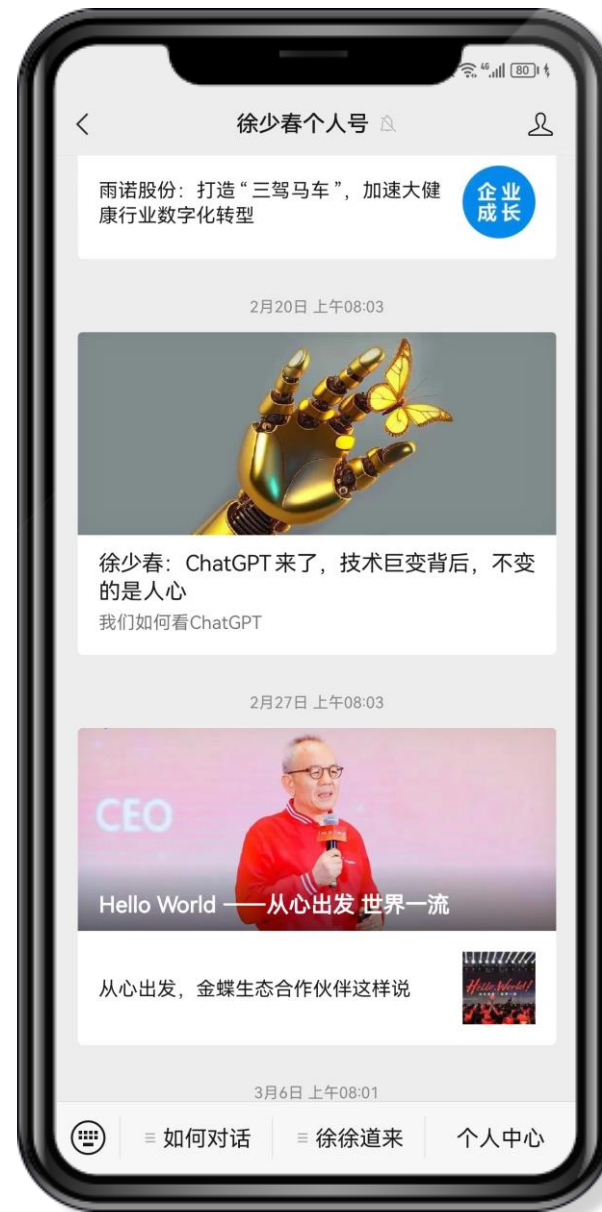
Customer Appreciation Letter Increase yoy

94%

Customer Satisfaction Rate

45%

Service Complaints Decrease yoy



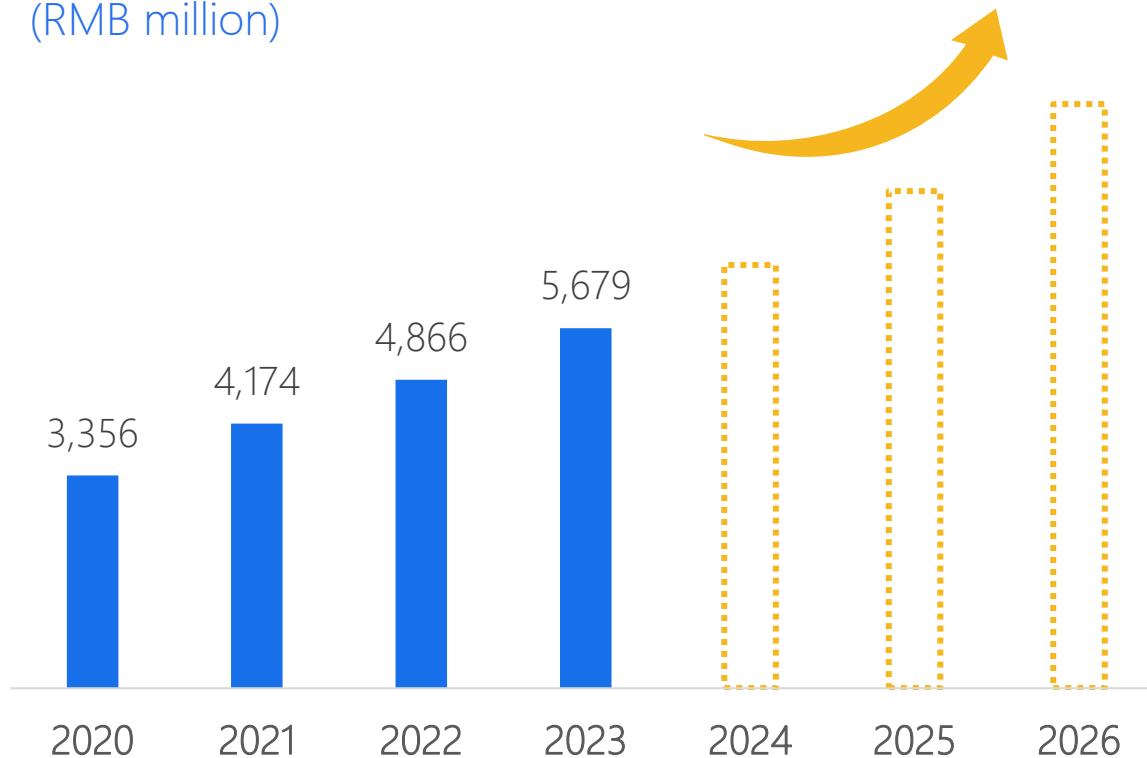
Three Year Target for 2024-2026

Subscription Priority, AI Priority

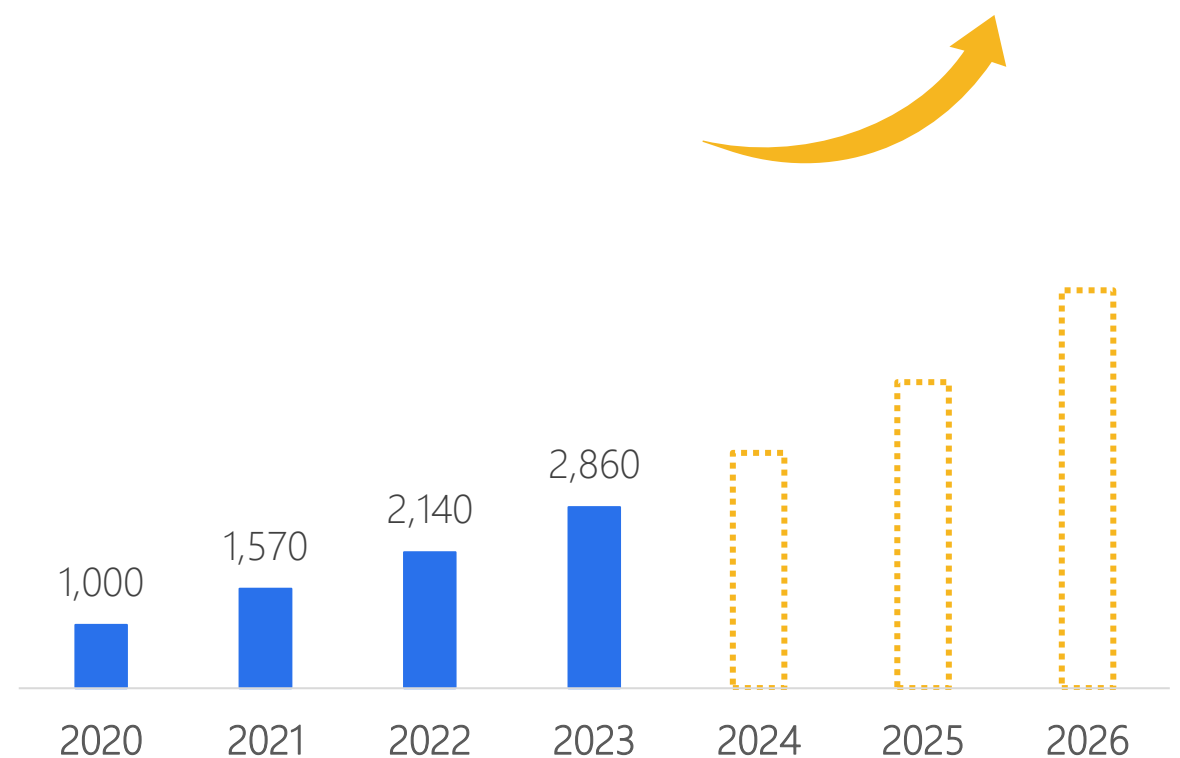
(RMB million)

15-20% CAGR

30% CAGR



Group Revenue



Subscription ARR

04



Appendix

Income Statement



(RMB '000)	2023	2022	YoY change
Revenue	5,679,073	4,865,769	16.7%
Cost of Sales	-2,035,084	-1,868,136	8.9%
Gross Profit	3,643,989	2,997,633	21.6%
<i>Gross Margin</i>	<i>64.2%</i>	<i>61.6%</i>	<i>+2.6pp</i>
Operating Expenses	-4,320,335	-3,918,378	NA
Other Incomes & Gains-Net	256,399	333,401	-23.1%
Operating Profit	-419,947	-587,344	NA
<i>Operating Profit Margin</i>	<i>-7.4%</i>	<i>-12.1%</i>	<i>+4.7pp</i>
Finance Income– net	90,315	100,276	-9.9%
Loss before Income Tax	-301,126	-474,218	NA
Net Profit – Owner of the company	-209,890	-389,158	NA
<i>Net Profit Margin</i>	<i>-3.7%</i>	<i>-8.0%</i>	<i>+4.3pp</i>
Basic EPS(cents)	-6.07	-11.31	NA

Revenue by Segments

(RMB '000)	2023	% of Total Revenue	2022	% of Total Revenue	Change
Cloud services business	4,504,983	79.3%	3,714,093	76.3%	21.3%
-Enterprise Cloud Services	3,127,280	55.1%	2,576,130	52.9%	21.4%
-Small & Micro Business Finance Cloud Services	1,080,010	19.0%	861,046	17.7%	25.4%
-Industry Cloud Services	297,693	5.2%	276,917	5.7%	7.5%
Management Software business and Others	1,174,090	20.7%	1,151,676	23.7%	1.9%
Total	5,679,073	100.0%	4,865,769	100.0%	16.7%

R&D Expenses



(RMB '000)	2023	2022	Change
Salaries and staff welfare	1,439,657	1,387,971	3.7%
Fixed costs	35,439	35,349	0.3%
Professional service costs	13,008	15,858	-18.0%
Travelling costs	9,802	7,218	35.8%
Employee recruitment and training expenses	600	1,046	-42.6%
Others	11,413	10,804	5.6%
Total R&D costs	1,509,919	1,458,246	3.5%
Less: development costs capitalised	478,349	480,508	-0.4%
Capitalization rate	31.7%	33.0%	-1.3pp
Add: amortisation	408,101	317,738	28.4%
Total R&D expenses	1,439,671	1,295,476	11.1%
R&D expenses / Revenue	25.4%	26.6%	-1.2pts

Selling & Marketing Expenses



(RMB '000)	2023	2022	Change
Salaries and staff welfare	1,403,510	1,330,957	5.5%
Sales promotion & marketing	734,546	533,529	37.7%
Fixed costs	84,364	83,971	0.5%
Travelling expenses	74,661	57,018	30.9%
Project cooperation fee	13,798	12,906	6.9%
Others	8,766	8,203	6.9%
Total	2,319,645	2,026,584	14.5%
S&M % of Total Revenue	40.8%	41.6%	-0.8pp

Administrative Expenses



(RMB '000)	2023	2022	Change
Salaries and staff welfare	331,105	350,951	-5.7%
Fixed costs	91,845	92,368	-0.6%
Professional service costs	49,457	39,072	26.6%
Employee recruitment and training expenses	5,014	9,891	-49.3%
Travelling costs	7,792	6,555	18.9%
Others	4,751	5,020	-5.4%
Total	489,964	503,857	-2.8%
Administrative expenses / Revenue	8.6%	10.4%	-1.8pp

Other Income and Gains -Net



(RMB '000)	2023	2022	Change
VAT refund	115,441	115,570	-0.1%
Government projects	100,910	94,268	7.0%
Rental income - net	66,087	70,187	-5.9%
Others	2,819	68,963	-95.9%
Total	285,257	348,988	-18.3%
VAT % of Total Revenue	2.0%	2.4%	-0.4pp

Cloud Contract Liabilities



(RMB '000)	2023	2022	Change
Total Cloud Contract Liabilities	2,867,294	2,239,473	28.0%
- Subscription related	2,433,629	1,878,001	29.6%
- Others	433,665	361,472	20.0%



ありがとう
感谢 Thanks
ขอบคุณ
Terima kasih 谢谢