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Xuan Wu Cloud Technology Holdings Limited

玄武雲科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2392)

UNAUDITED OPERATION SUMMARY FOR THE FIRST QUARTER OF 2024

The board (“**Board**”) of directors (“**Director(s)**”) of Xuan Wu Cloud Technology Holdings Limited (the “**Company**”, and together with its subsidiaries and consolidated affiliated entities, the “**Group**”) hereby announces the unaudited operation summary of the Group for the first quarter of 2024 (the “**2024Q1 Summary**”).

UNAUDITED OPERATION SUMMARY FOR THE FIRST QUARTER OF 2024

Revenue Summary

	Three months ended 31 March		
	2024	2023	Change (%)
	(RMB'000)	(RMB'000)	
	(unaudited)	(unaudited)	
Revenue	288,795	230,013	25.6
CRM PaaS services	129,360	116,167	11.4
CRM SaaS services	159,435	113,846	40.0

Operational Statistics Summary

	Three months ended 31 March		
	2024	2023	Change (%)
	(unaudited)	(unaudited)	
Total number of core clients ⁽¹⁾	274.0	241.0	13.7
Total ARPU ⁽²⁾ of core clients (RMB in thousands)	1,010.8	907.1	11.4
Net dollar retention rate of core clients (%)	103.4	106.6	(3.1)

Notes:

- (1) Core clients are defined as clients contributing RMB75,000 or above of revenue during the three months ended 31 March 2023 and 2024.
- (2) The average revenue per user (ARPU) contributed by core clients refers to the average revenue generated per core client during the three months ended 31 March 2023 and 2024.

Performance Review

For the three months ended 31 March 2024, the Group's total revenue amounted to RMB288.8 million, representing a year-on-year growth of 25.6%. Such growth was mainly driven by a 13.7% increase in the number of core clients and a 11.4% increase in average revenue from core clients.

During the period under review, the Group's SaaS business continued to grow, with the SaaS business segment accounting for 55.2% of total revenue, marking the first time it exceeded 50%. Such revenue growth was mainly attributable to the strong performance of our Marketing Cloud business in the first quarter. The Group signed contracts with a number of benchmark clients, including a leading city commercial bank in Eastern China and Western China, and a top insurance institution in Eastern China. Meanwhile, the Company has followed closely the policy trend of the financial industry and the needs of its clients. We have introduced international SMS standardisation plugins in the ICC (integrated communication centre) to facilitate the rapid expansion of international business for our clients in the banking sector. This has also resulted in the acquisition of new clients as well as increased purchase from our existing client base. In respect of the Sales Cloud business, the Group successfully expanded the market for AI standardised products, and at the same time, the efficiency of client delivery was further enhanced by leveraging the localised and integrated operation strategy. The Group has added an AI model standalone collaboration solution for its AIoT intelligent fridge and is actively researching and developing smart scenarios for chest freezers in line with clients' demand, with a view to further expanding the client base of its intelligent fridge.

Furthermore, we adhered to the principle of prudent cost control, and updated our company's organisational structure at the end of last year. As a result, our operating expenses have continued to decrease as compared to the same period last year. Therefore, the extent of profit decline in the first quarter has narrowed, indicating significant achievements in cost reduction and efficiency improvement.

Cautionary Statement

The shareholders of the Company (the “**Shareholders**”) and potential investors are reminded that this summary is based on the Group’s internal figures and management accounts which have not been audited or reviewed by our external auditors. The information mentioned above is for investors’ reference only and shall not become or be deemed as an invitation or solicitation for the disposal or purchase of any securities or financial products of the Company, nor can it be used as the basis for any research report, and there is no intention nor does it constitute any investment advice. The Shareholders and potential investors are urged to exercise caution when dealing with the shares of the Company, and not to place inappropriate reliance on such information. Investors are advised to seek professional advice from professionals and financial advisers if there is any doubt.

By order of the Board
Xuan Wu Cloud Technology Holdings Limited
Mr. Chen Yonghui
Chairman, Chief Executive Officer and Executive Director

Hong Kong, Tuesday, 23 April 2024

As at the date of this announcement, the Board comprises Mr. Chen Yonghui, Mr. Huang Fangjie, Mr. Li Hairong and Mr. Guo Haiqiu as executive Directors; and Mr. Du Jianqing, Ms. Wu Ruifeng and Prof. Wu Jintao as independent non-executive Directors.