Bairong Inc.
6608.HK

A Leading AI & Cloud-based SaaS Provider

2022 Annual Results

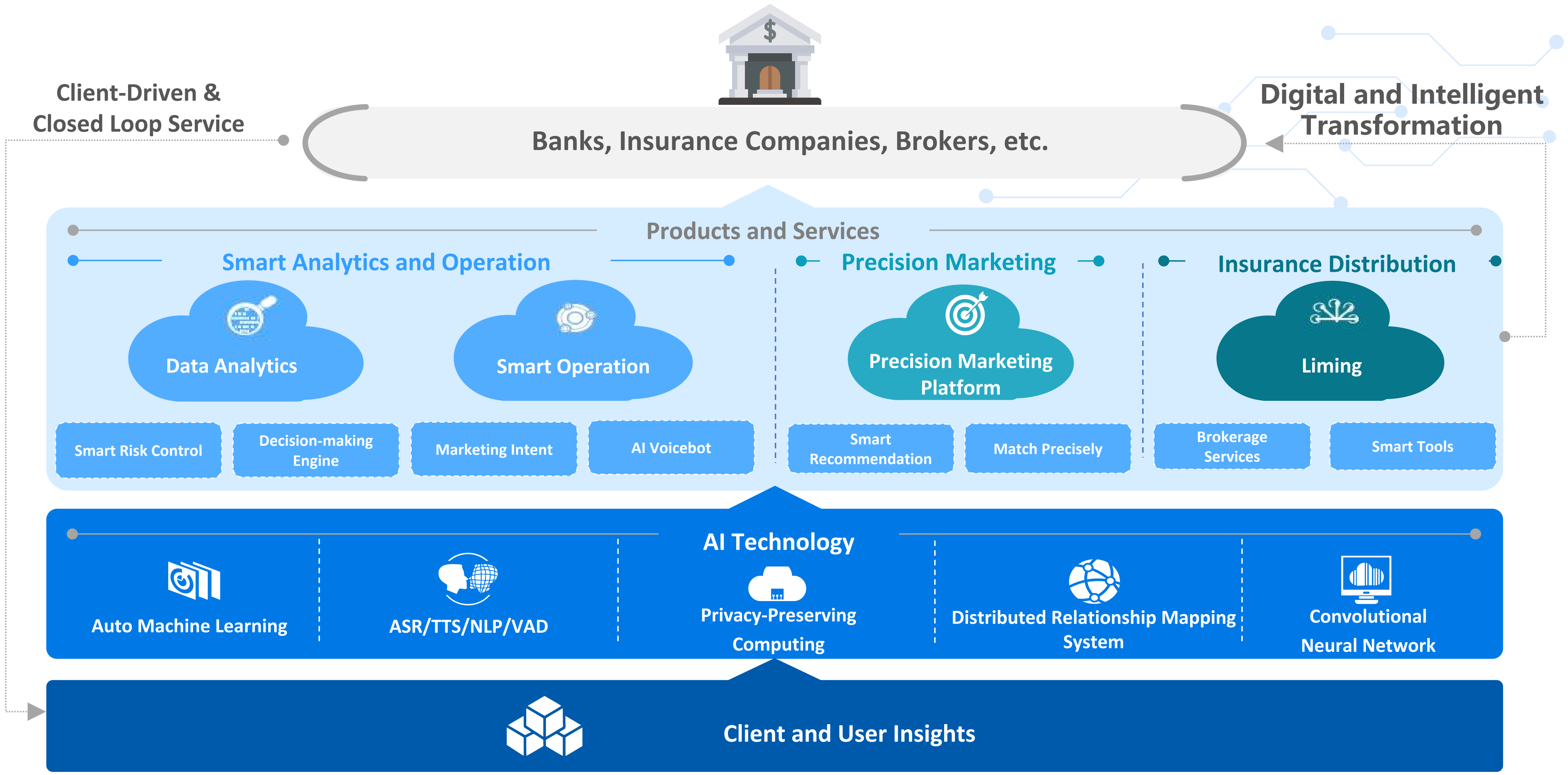
Vision

Facilitate Digital Intelligence
in the Financial Industry

Values

Faithful, Accountable, Open-minded,
Innovative, Practical and Cooperative

➤ Business Structure



Earnings Review in 2022: Growth Accelerated

Group Financial Indicators

(RMB in Million)	2022	2021	YoY	Margin
Revenue	2,054	1,623	+27%	—
Gross profit	1,481	1,195	+24%	72%
Profit/(loss)	229	(3,604) [1]	Turn positive	11%
Non-IFRS profit	294	141	+108%	14%

Key Business Indicators

	2022	2021	YoY
Total FSP clients	7,000+	5700+	+1300
Retention rate of Key clients[2]	97%	94%	+3pct
Net dollar expansion rate of Key clients[2]	123%	114%	+9pct

Sub-line Financial Indicators

(RMB in Million)	2022	2021	YoY	As % of Revenue
Smart Analytics and Operation Services	1,039	737	+41%	50%
Precision Marketing Services	467	422	+11%	23%
Insurance Distribution Services	549	464	+18%	27%

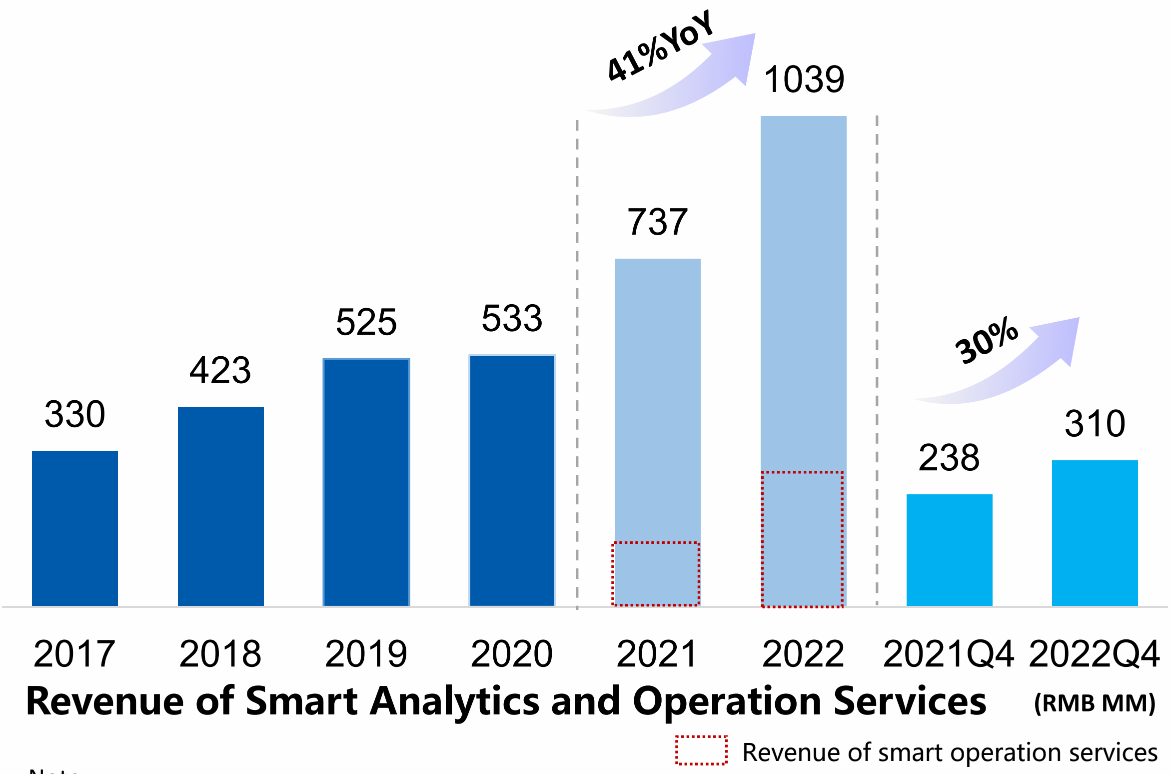
Other Performance Highlights

- In 2022, net cash generated from operating activities is **RMB302 million**, increased RMB37 million over last year and 14% YoY.
- In 2022, the "40% rule[3]" reached **41%**, which has remained above 40% for two consecutive years since the company's listing.
- Smart operations revenue in the smart analytics and operation services increased by **144%** YoY.

Note:
1. The profit for the year is mainly affected by the loss in fair value of RMB 3.70 billion of redemable convertible preferred shares. This change in fair value is only the accounting adjustment of the year of listing and does not affect the actual operation of the company.
2. Key clients are defined as licensed financial institutional customers with annual revenue of more than RMB 300,000 and only smart analytics and operation services focus on "Retention rate of Key clients" and "Net dollar expansion rate of Key clients"
3. The formula of "40% rule" is "free cash flow / revenue + revenue growth rate", replaced by the most approximate caliber "Non-IFR margin + revenue growth rate"

Smart Analytics and Operation Review

- In 2022, the revenue of smart analytics and operation services reached RMB1,039 million, with **41%** YoY increase.
- The revenue of smart operation services increased by **144%** YoY, which accounts for a continuous increase in the proportion of SaaS business lines, using artificial intelligence to help financial institutions reduce costs, increase efficiency and digital transformation
- According to Equal Ocean[1], the smart marketing and operation services in China is expanding rapidly and the market size will exceed **RMB60 billion** by 2026, with CAGR exceeds **40%**.



Revenue of Smart Analytics and Operation Services (RMB MM)

(RMB in Million)	2022	2021	YoY
Revenue from smart analytics and operation	1,039	737	41%
Revenue from Key clients	837	616	36%
Number of Key clients	227	193	18%
Average revenue per Key client	3.69	3.19	16%
Percentage of revenue from Key client	81%	84%	-3pct
Retention rate of Key clients	97%	94%	3pct
Net dollar expansion rate of Key clients	123%	114%	9pct

Note:
1. Equal Ocean is an independent research institution in China.

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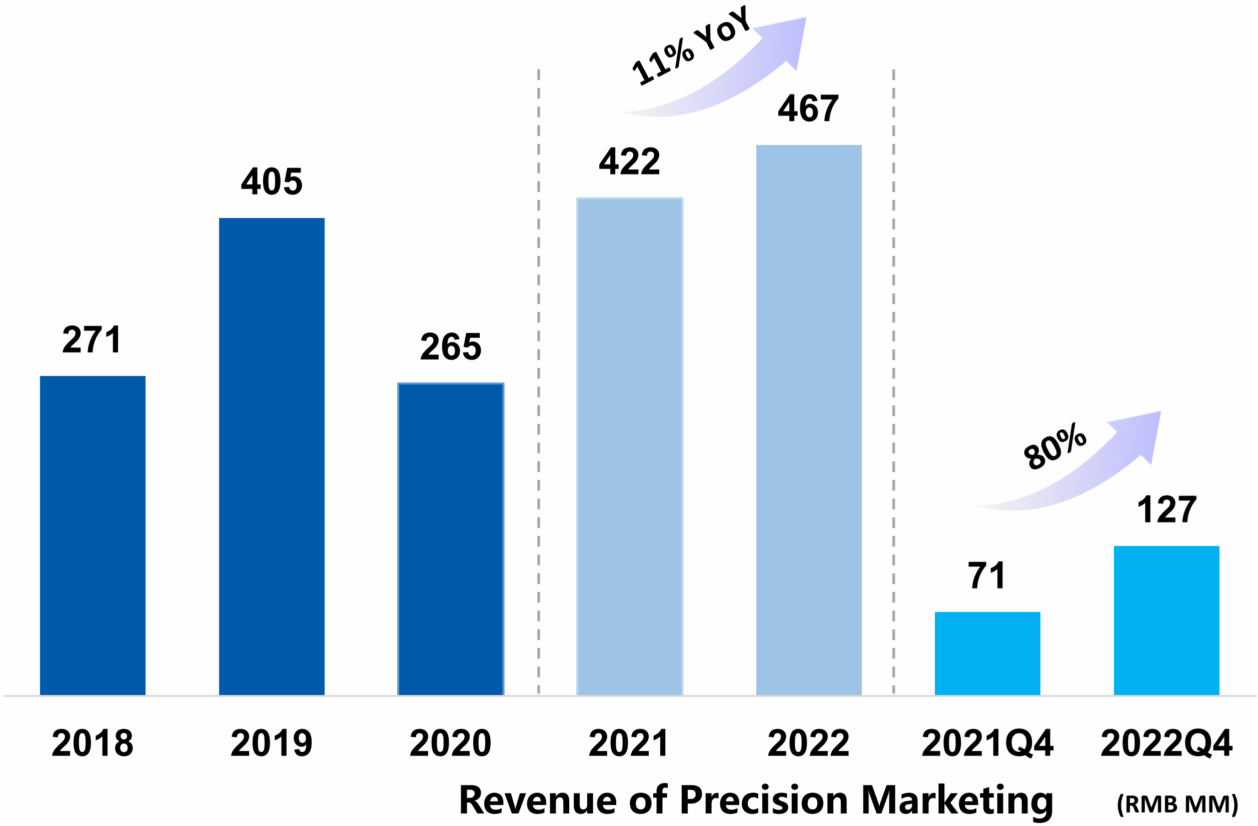
Precision Marketing Review

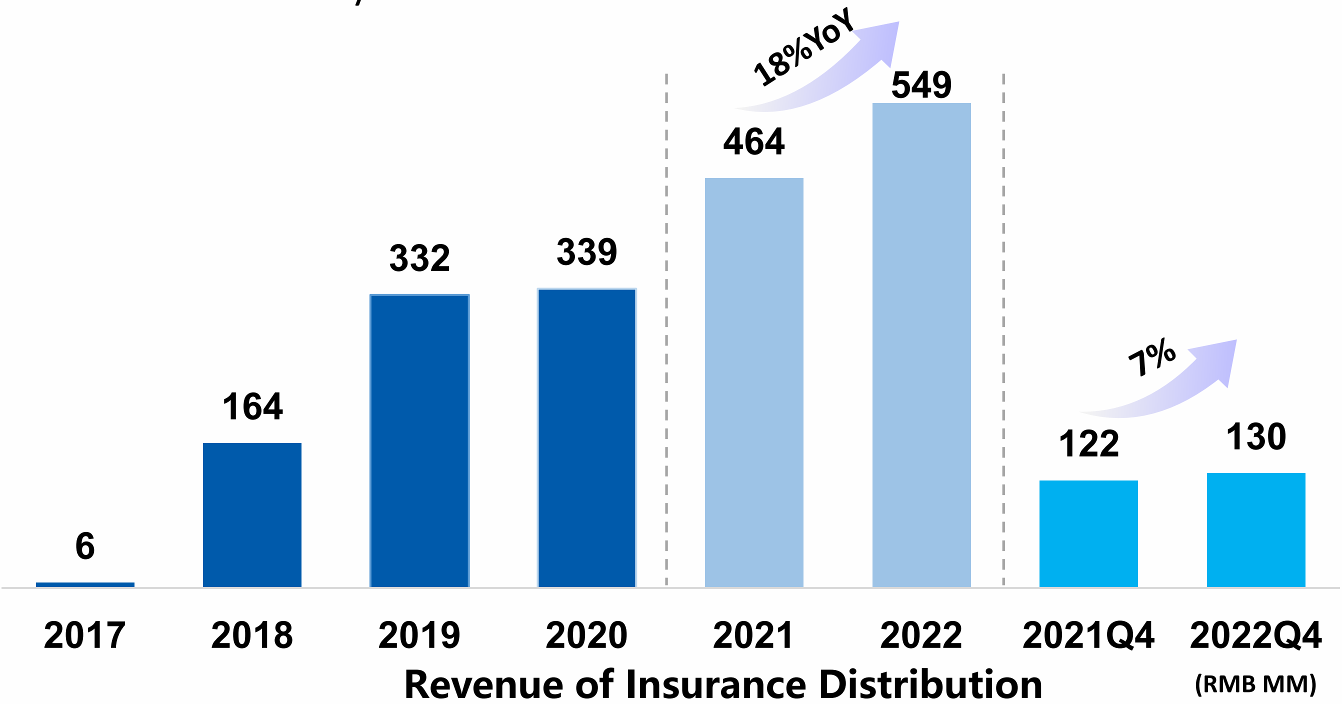
- In 2022, the revenue of precision marketing services reached **467 million**, with **11%** YoY increase, and rebounded in the second half of the year, of which 2022Q4 increased by **80%** YoY.
- In 2023, benefiting from the expected GDP growth target of 5%, the country's efforts to boost domestic demand, and banks' strategy to vigorously develop consumer credit, the loan facilitation volume will be further expanded.



(RMB in Million)	2022	2021	YoY
Revenue from precision marketing	467	422	11%
Loan facilitation volume	16,463	14,274	15%
Technical service fee rate	2.8%	3.0%	-0.2pct

Insurance Distribution Review

- In 2022,the revenue of insurance distribution services increased steadily by **18%** YoY to RMB549 million.
- The total premium exceeded RMB**2.1 billion**, with **40%** YoY, higher than the industry growth rate of **4.6%**.
- The persistency rate of our life insurance premiums continued to exceed **90%** and the average duration of life insurance policies exceeded **10** years.



Revenue of Insurance Distribution

(RMB in Million)	2022	2021	YoY
Revenue from insurance distribution	549	464	18%
Revenue from the first year premiums	453	386	17%
First year premiums	1,133	847	34%
Revenue from the renewal premiums	95	78	21%
Renewal premiums	1,000	673	49%

Note:
1. According to the statistics of China Banking and Insurance Regulatory Commission, the original premium income of insurance companies increased by 4.6% YoY in 2022, among which the original premium income of life insurance business increased by 3.1% YoY.

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Abstract of Financial Statements

(RMB in Thousands)	2022	2021	YoY	2022 As % of Revenue	2021 As % of Revenue
Revenues					
Smart analytics and operation services	1.038,560	736,580	41%	50%	45%
Precision marketing services	467,099	422,422	11%	23%	26%
Insurance distribution services	548,519	464,462	18%	27%	29%
Total revenues	**2,054,178**	**1,623,464**	**27%**	**100%**	**100%**
Cost of sales	(573,057)	(428,836)	34%	(28%)	(26%)
Gross profit	**1,481,121**	**1,194,628**	**24%**	**72%**	**74%**
Research and development expenses	(369,646)	(252,006)	47%	(18%)	(16%)
General and administrative expenses	(269,977)	(262,763)	3%	(13%)	(16%)
Sales and marketing expenses	(784,644)	(575,988)	36%	(38%)	(35%)
Profit from operations	**234,752**	**101,234**	**132%**	**11%**	**6%**
Changes in fair value of redeemable convertible preferred shares	-	(3,697,294)	-	-	-
Profit/(loss) for the year	**229,305**	**(3,604,033)**	**-**	**11%**	**-**
Non-IFRS profit for the year	**293,992**	**141,160**	**108%**	**14%**	**9%**
Share-based compensation	64,687	22,787	184%	3%	1%
Non-IFRS EBITDA	**385,248**	**233,455**	**65%**	**19%**	**14%**

(RMB in Thousands)	2022	2021	YoY		
Net cash generated from operating activities	**302,450**	**265,139**	**14%**	-	-

(RMB in Thousands)	As of Dec. 31,2022	As of Dec. 31, 2021	YoY		
Cash, cash equivalents and financial assets[1]	**3,978,112**	**3,950,433**	**1%**	-	-

Note: 1, including cash and cash equivalents, time deposits, restricted funds, etc

THANK YOU

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