URORA 极光

Q3 2020
EARNINGS PRESENTATION
NOV 25, 2020

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Group Revenues - Defined

1. SAAS Business

(a) Developer Services

- Subscription
- Value-Added Service

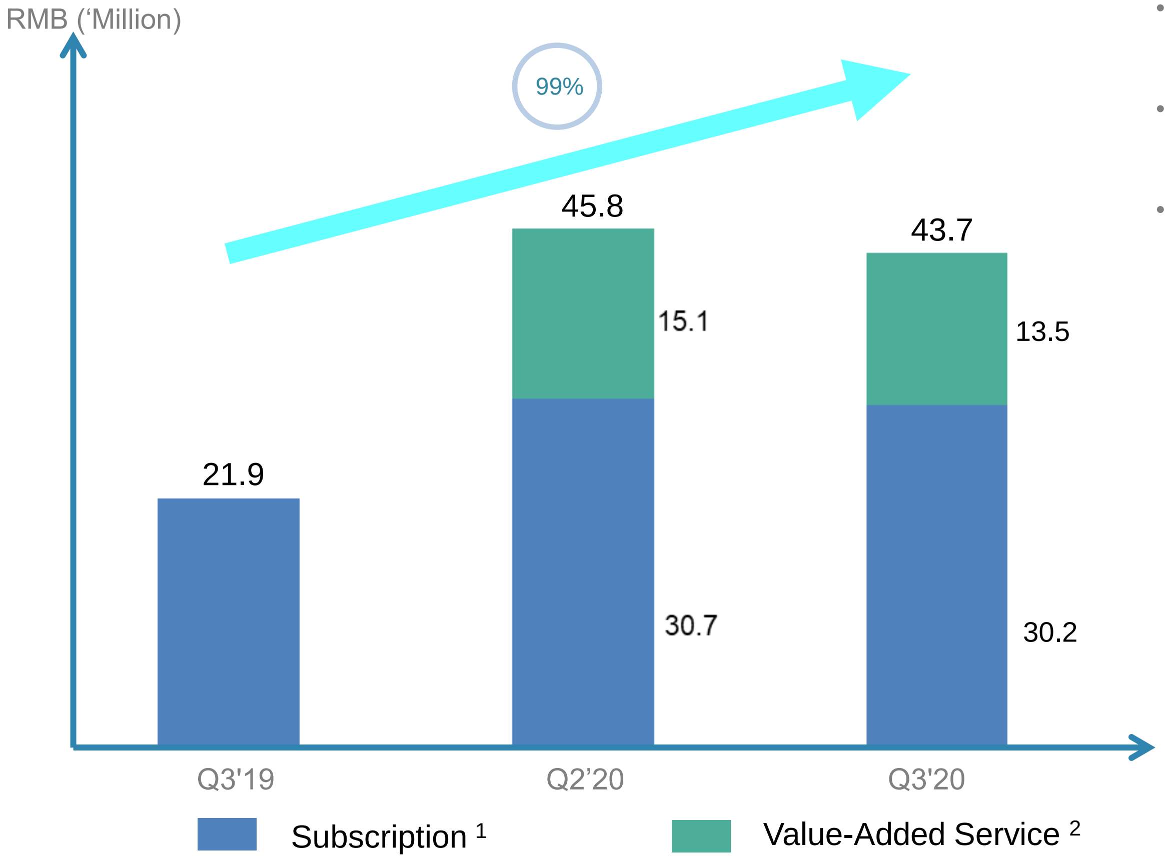
(b) Vertical Applications

- Market Intelligence
- Financial Risk Management
- Location-based Intelligence

2. Targeted Marketing

(a) To be discontinued by the end of 2020

Developer Service Revenue
(Subscription +Value-Added-Service)



- **Significant growth in Developer Service revenue of 99% YoY**
- Subscription revenue:
  - YOY increased by 38% or RMB8.2M;
- Value-Added-Service revenue:
  - YoY increased from nil to RMB13.5M
  - Mini program demand continued to be the growth driver
  - QoQ decreased slightly from RMB15.1M in Q2'20 to RMB13.5M in Q3'20, as Q2'20 benefited from strong eCommerce demand due to 618 promotion activities

1. Includes push notification, sms, verification and other subscription based developer services
2. Includes primarily related to the JG Alliance products (includes light push and in-app).

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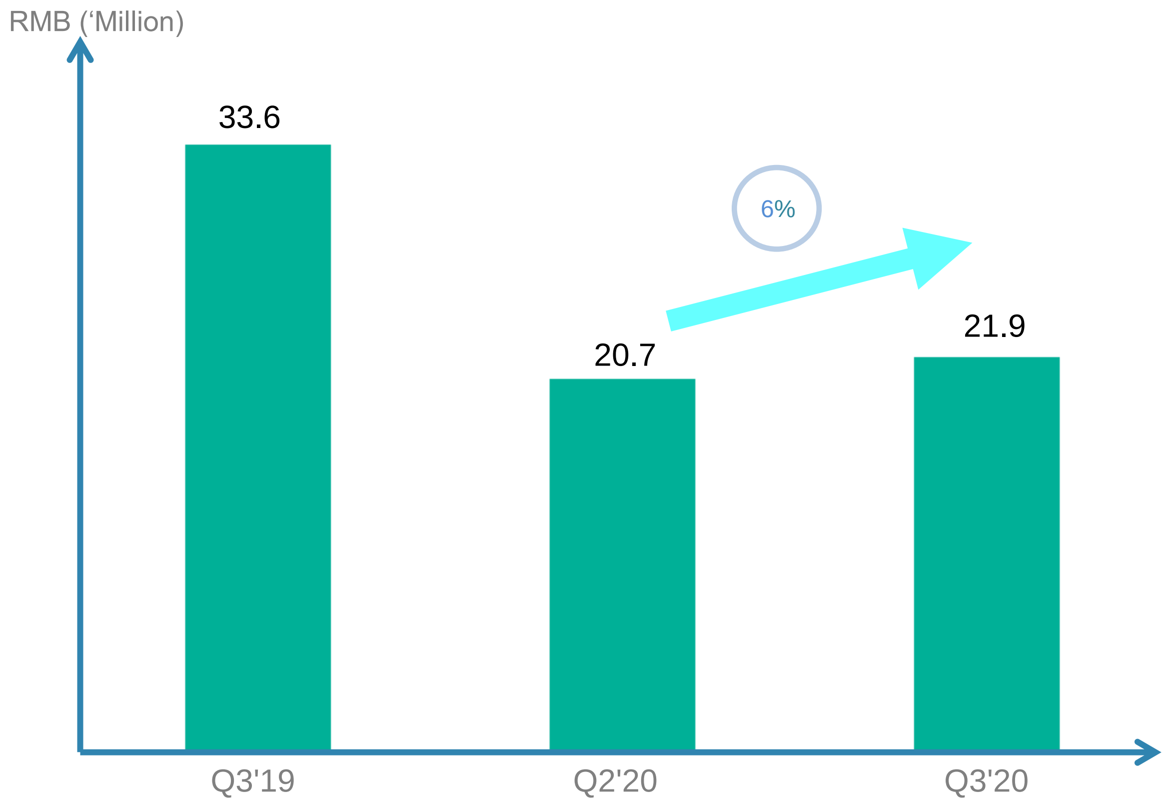
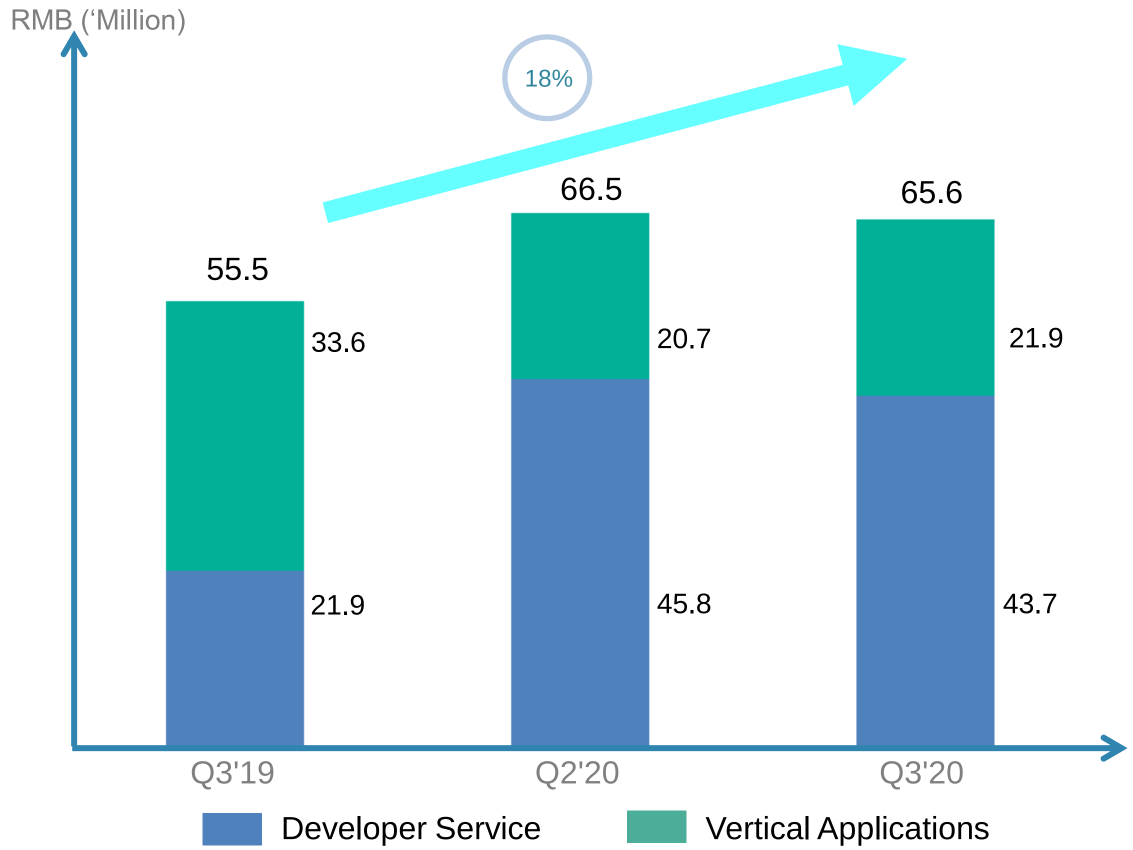
Vertical Applications



- Include revenues from:
  a) Market intelligence
  b) Financial Risk Management
  c) Location-based Intelligence
- YoY Vertical Applications revenue decreased by RMB11.7M, due to COVID-19 impact
- **QoQ revenue continued to grow by 6% as demands recovered**

SAAS Business Revenue
(Developer Service + Vertical Applications)



- **YoY revenue grew by 18% or RMB 10.1M driven by 99% growth of Developer Service, partially offset by decline of Vertical Applications due to COVID19**
- Q3'2020, SAAS Business revenue remained stable sequentially
- QoQ revenue fluctuated slightly by 1% or RMB 0.9M

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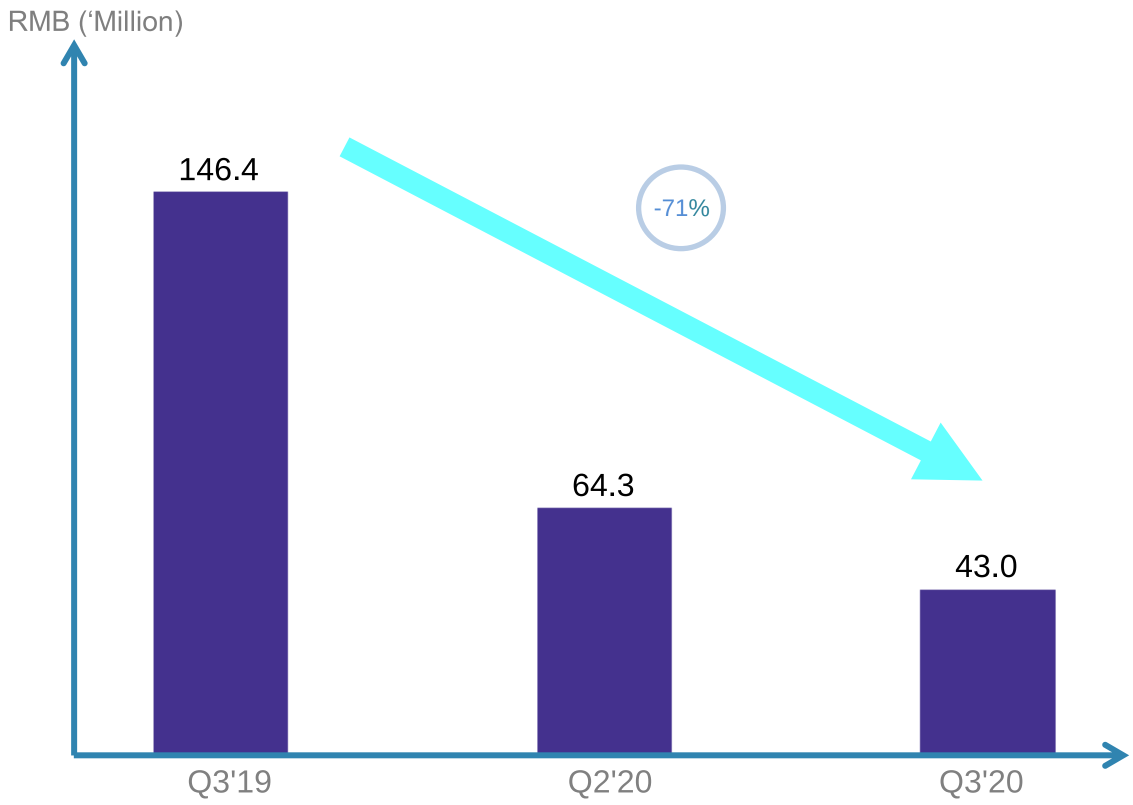
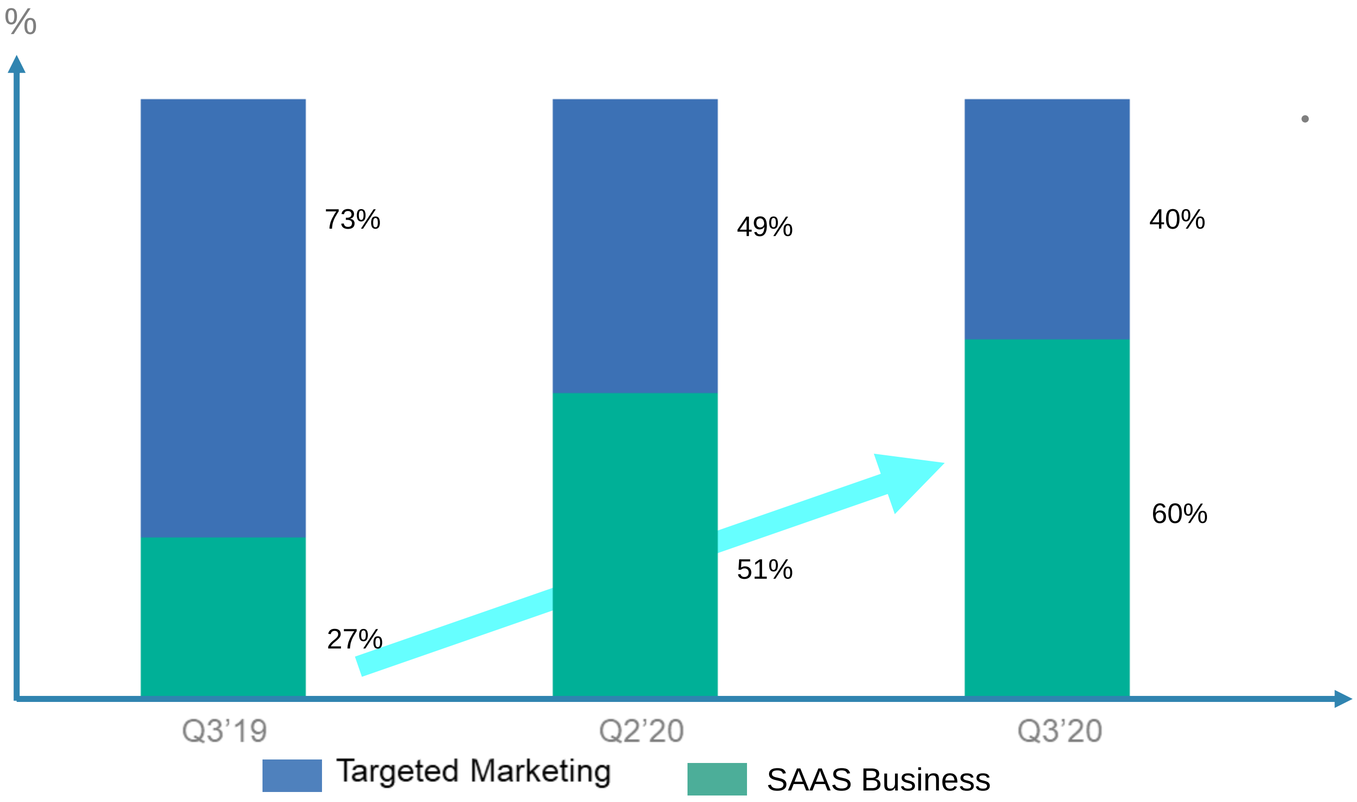
Targeted Marketing Revenue



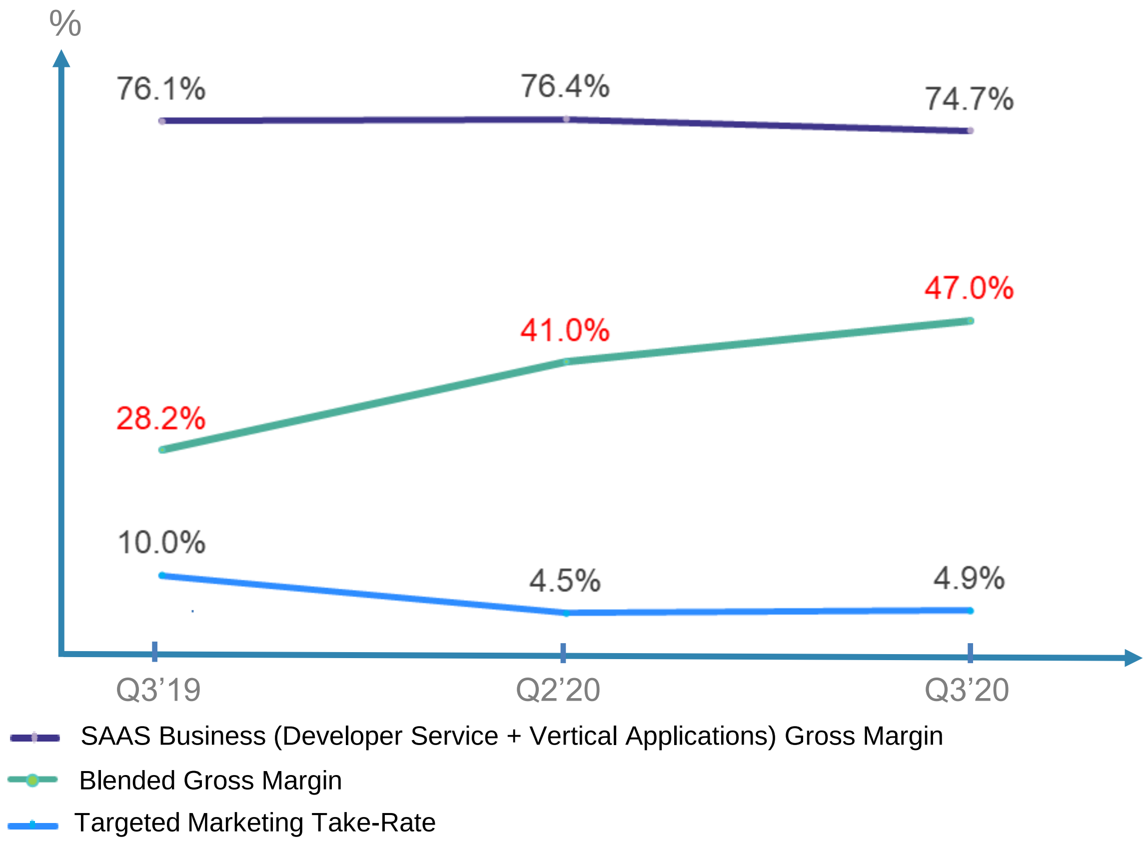
- Started to wind down low-margin Targeted Marketing business since Q3'2019
- YoY revenue declined by 71% or RMB103.4M
- QoQ revenue declined by 33% or RMB 21.3M
- **Expect full wind down by the end of 2020 as planned**

Revenue Contributions



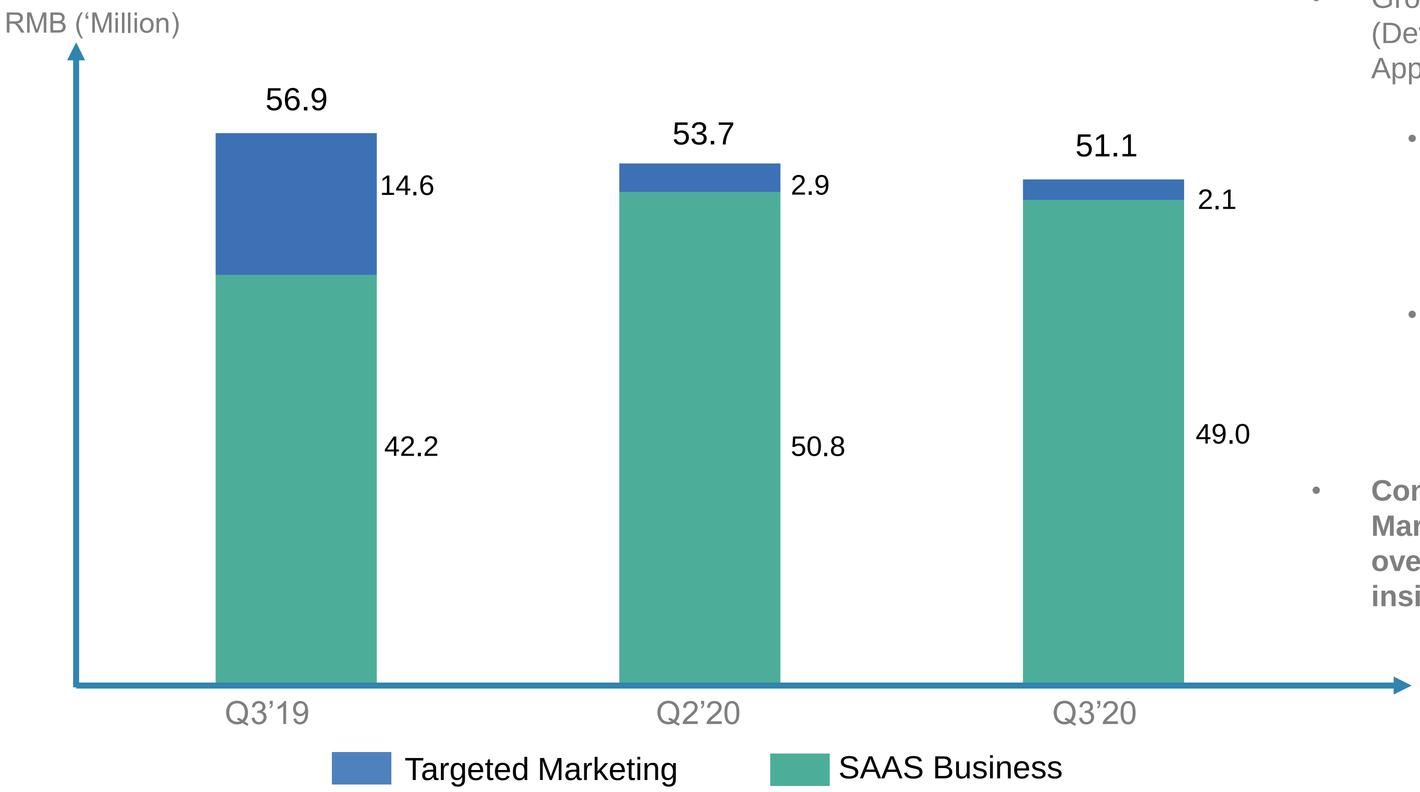
- Revenue contributions from high-margin SAAS Business have been increasing rapidly from 27% in Q3'19 to 60% in Q3'20

Gross Margins



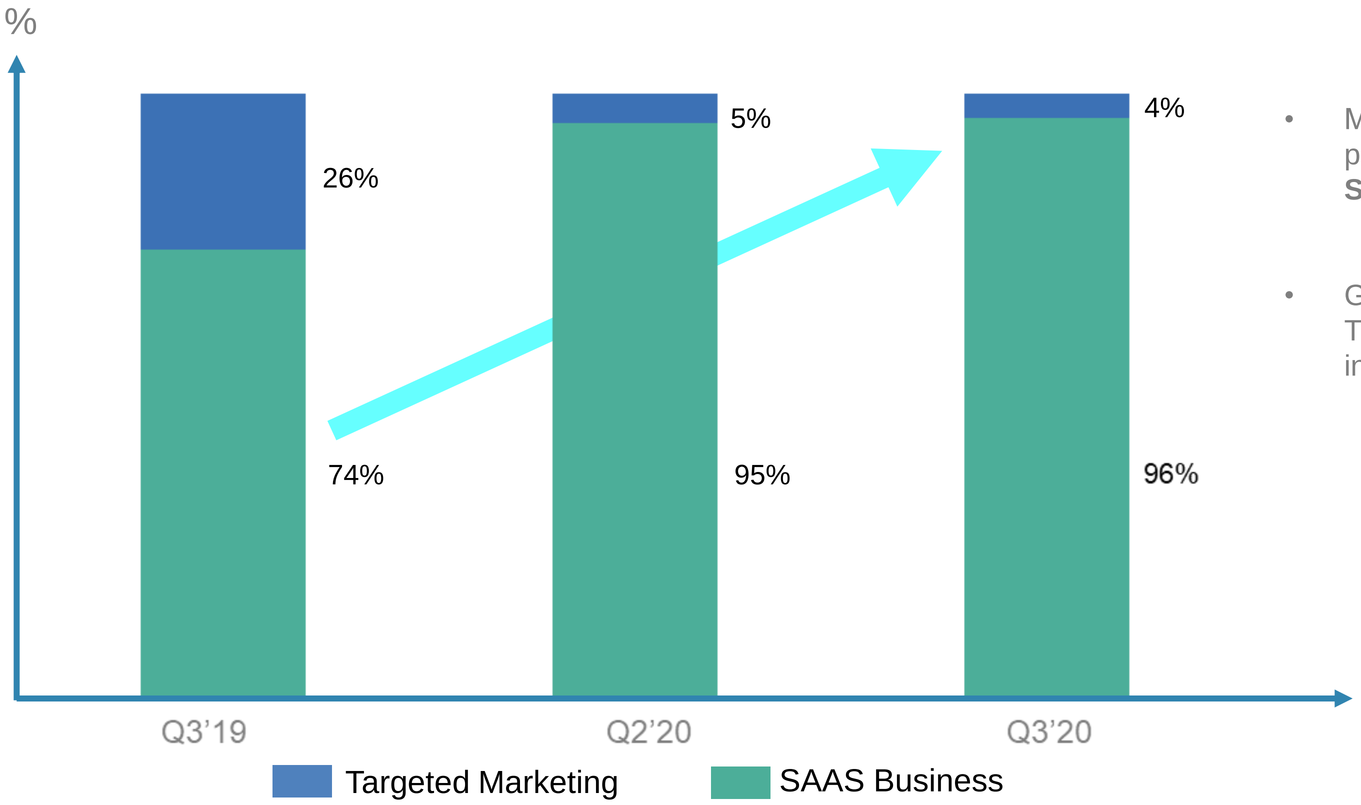
- **Achieved another new historic high Group gross margin of 47.0% due to continued winding down of targeted marketing business and revenue mix shift to high margin SAAS Business**
- Margins remain **high and stable** in the SAAS Business (Developer Service and Vertical Applications)
- Our strategic focus is to:
  - Drive the growth of high margin SAAS Business
  - Wind down low margin and high risk Targeted Marketing Business

Gross Profits



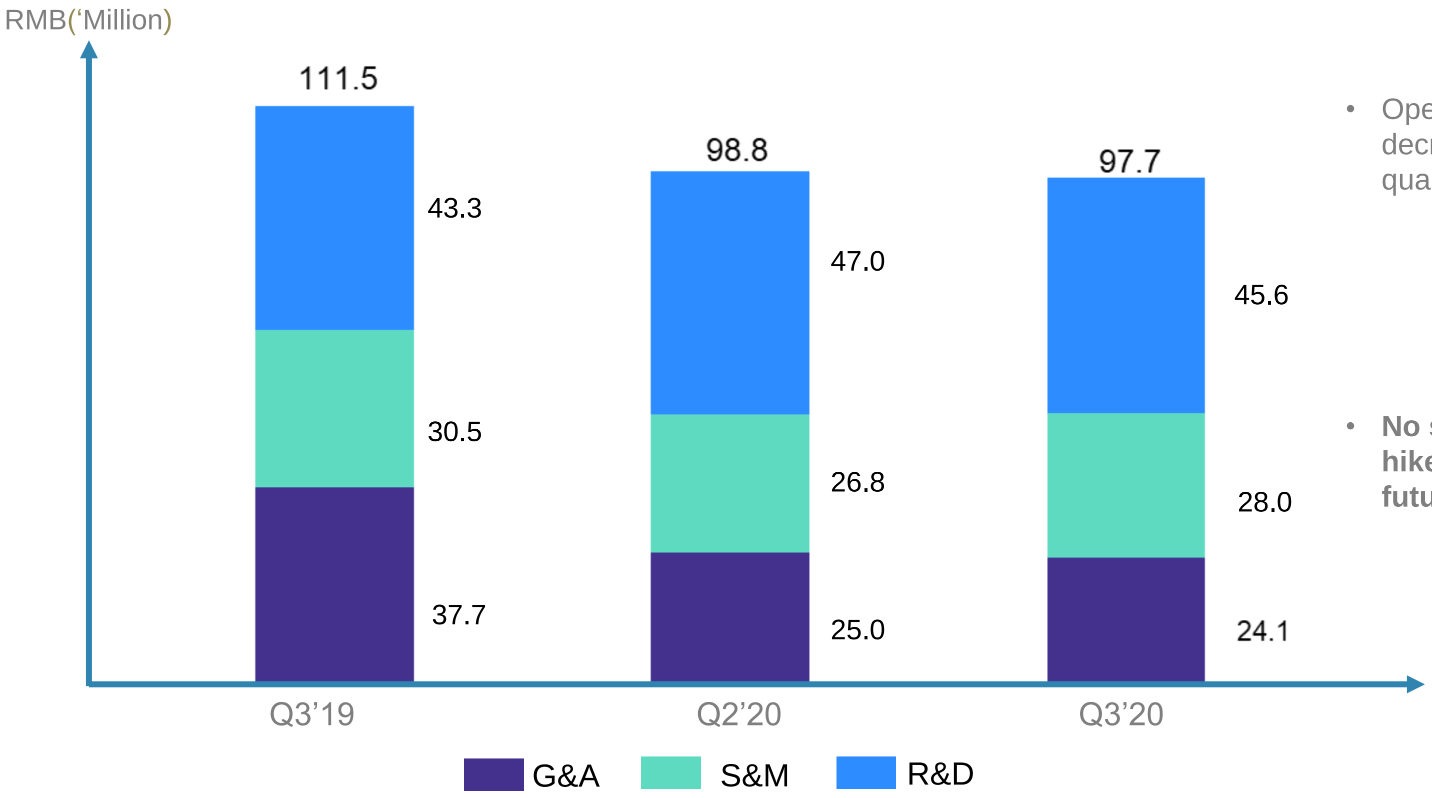
- Gross profits from SAAS Business (Developer Service and Vertical Applications) :
  - YoY increased by 16% or RMB6.8M – due to increase in revenue while margin was stable
  - QoQ decreased by 4% or RMB1.8M – due to lower revenue while margin was stable
- **Contribution from Targeted Marketing has been declining over the period and becoming insignificant**

Gross Profit Contributions



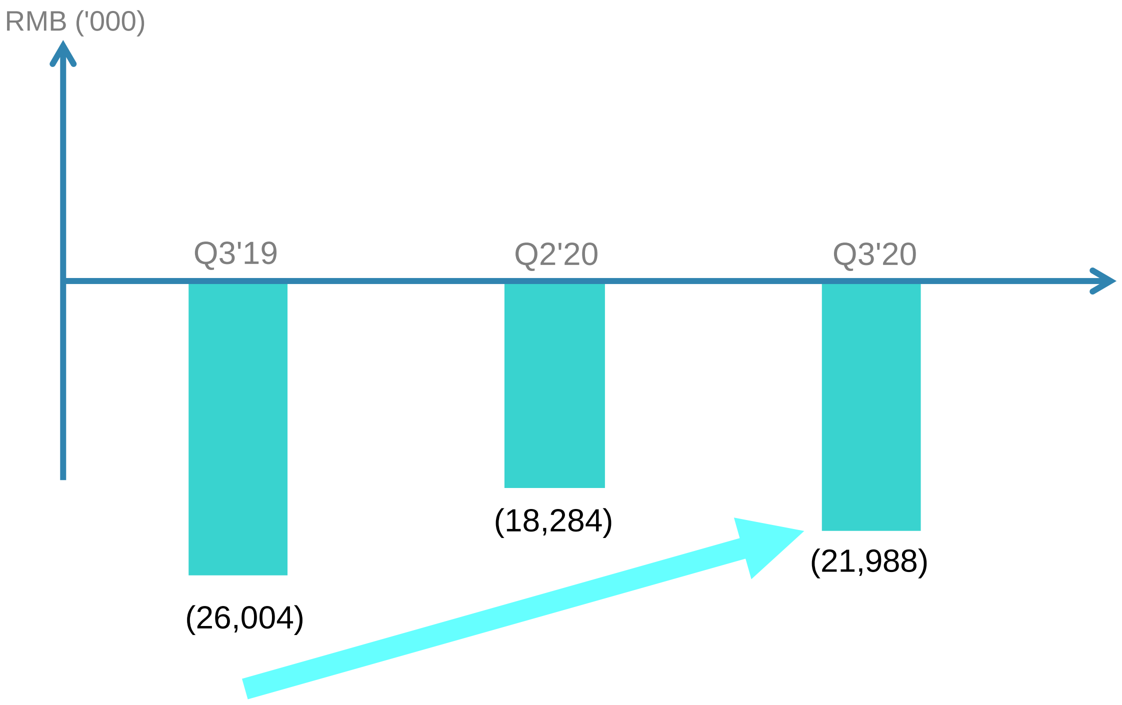
- Majority of the Group's gross profit is **contributed by SAAS Business**
- Gross profit contribution from Targeted Marketing is insignificant

Operating Expenses



- Operating expenses continued to decrease year-over-year and quarter-over-quarter
  - YoY decreased by 12% mainly due to one-off specific bad debt provision made in Q3'19
- **No significant or unexpected hikes are anticipated in the near future**

Adjusted EBITDA



Year-over-Year improvement due to:

- Margin growth from Developer Service (Subscription and Value-Added Service)
- Transitioning away from low margin business (Targeted Marketing)
- Effective operating expense control

Balance Sheet Highlights as of 9/30/2020

- Net operating cash in-flow of :
  - Two consecutive quarters of positive operating cashflow

RMB30 million

- Cash and cash equivalents, restricted cash and short-term investments balance of:

RMB437 million

- Deferred Revenue has strong YoY growth of:
  - Indication of strong SAAS business growth

29% to RMB110M as of 9/30/2020

- AR days reduced from 84 days in Q3'19 to 45 days Q3'20:
  - Sign of a much healthier financial condition, lowered working capital requirement, disciplined cash collection effort

Improved by 39 days

Use of Non-GAAP Financial Measures

In evaluating the business, Aurora Mobile Limited, (“Aurora”, ”The Company”) considers and uses three non-GAAP measures, adjusted net loss ,adjusted EBITDA and SAAS Businesses revenue, as a supplemental measure to review and assess its operating performance. In this presentation, 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. The Company defines adjusted net loss as net loss excluding share-based compensation, reduction in force charges, fair value loss/(gain) of long-term investment, and change in fair value of derivative liability. The Company defines adjusted EBITDA as net loss excluding interest expense, depreciation of property and equipment, amortization of intangible assets, income tax (expense) benefit, share-based compensation, reduction in force charges, fair value loss/(gain) of long-term investment, and change in fair value of derivative liability. The Company defines SAAS Businesses revenue as the total Group revenue excluding Targeted Marketing revenue.

The Company believes that adjusted net loss and adjusted EBITDA help identify underlying trends in its business that could otherwise be distorted by the effect of certain expenses that it includes in loss from operations and net loss.The Company believes that adjusted net loss and adjusted EBITDA provide useful information about its operating results, enhance the overall understanding of its past performance and future prospects and allow for greater visibility with respect to key metrics used by the management in their financial and operational decision-making.
The non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. The non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using adjusted net loss and adjusted EBITDA is that they do not reflect all items of income and expense that affect the Company’s operations. Further, the non-GAAP financial measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

The Company compensates for these limitations by reconciling the non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating the Company’s performance. The Company encourages you to review its financial information in its entirety and not rely on a single financial measure.

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