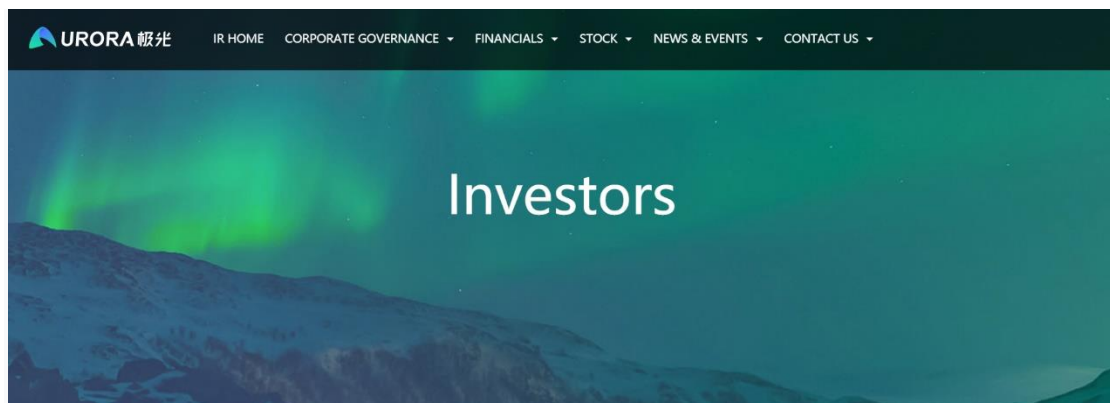


Dear friends, I am a retail investor, but I have a dream (a detailed analysis of a double-rise SaaS stock from multiple perspectives)

The following is a detailed analysis that I have spent more than ten hours doing research. In addition, I will forecast the price of this stock. I hope everyone enjoy reading my article!

Quick summary: **Aurora Mobile Limited (JG)** is a highly underestimated SaaS stock like GME, however, with much stronger financial status and profitability. JG has much lower PS (just 11 now at stock price US6.11) versus other famous US SaaS stock: Salesforce, Shopify, Twilio, Ring central, Cloopen Group (RAAS), Agora(API) (on average PS ~19, at most Shopify: 31). Growing with highly profitable SaaS business, the stock price should go up soon when more spotlight is shed on this stock. I thought its' value is at least 10.79, optimistically to the standard RAAS 18.18, which is significantly lower than the current price. The current price of 6.11 has at least a 77%-197.5% growth.



(<https://ir.jiguang.cn/>)

Content (A kind reminder: It takes about 5 minutes to complete the reading):

Part 1: Stock Research Report on Aurora Mobile

Part 2: Stock Price Forecast

Part 1: Stock Research Report on Aurora Mobile

Brief comment on industry's potential:

With reference to the huge industry market and growth that SaaS (Software as a Service) has formed in the United States, it is not difficult to speculate that almost all enterprises will use this service in the future, and its market size may be trillions. Credit Suisse stated on 5th February 2021 that China's SaaS market lagged behind

that of the United States by 10 years. The current market is still very fragmented and there is no super leader in China.

Company Profile:

Aurora is an experienced and rare SaaS company in China. In fact, it is a leading company in the field of mobile developer services over the past ten years. The well-known fund Fidelity International is the second largest institutional shareholder of Aurora which has currently increased its position by 26.6%. In the mid of October 2020, Aurora received a special support funding of 17.24 million for the first batch of strategic emerging industries in Shenzhen.

Aurora bags RMB17.24M funding from Shenzhen Municipality to advance data-powered system

2020/10/15 17:42 Mamta Mayani



Aurora Mobile Limited(JG.US) 6.480 ↓ -0.230 -3.43%

Update: 2021/1/1

All Traditional investment manager Hedge fund manager/CTA VC/PE firm Bank / Investment Bank Family offices/Family trust
Individual/Insider Corporations (Private) ADS

Name	No. of shares	Shareholding ratio	Shares changed	Change ratio	Date
Weidong Luo	36.25M	31.33%	Constant	Constant	2021/1/1
Mandra Ibase Limited	21.88M	18.91%	+53.06K	+0.24%	2021/1/1
Fidelity International Ltd	16M	13.82%	+3.36M	+26.60%	2021/1/1
IDG Capital Partners Co., Ltd.	11.76M	10.16%	Constant	Constant	2021/1/1
Fosun International Holdings Ltd.	9.88M	8.53%	Constant	Constant	2021/1/1

In 2020, Aurora's operating income mainly came from two parts: 1) SaaS business with high gross margin and low risk, including developer services and industry applications; 2) Targeted marketing business with low gross margin and high bad debt risk. However, targeted marketing is exiting in an orderly manner. It is expected that it will be completely cleared in 2021Q1, and the 2020Q4 results will no longer be included in the report of the early March financial result.

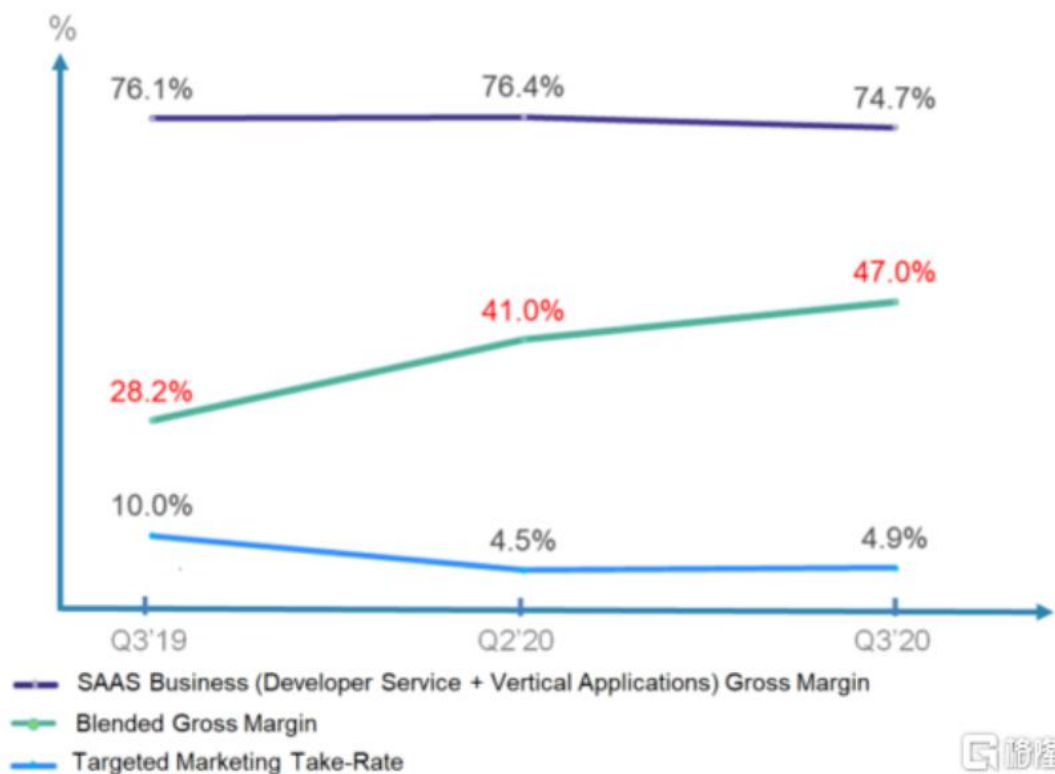
Aurora has formed three major SaaS business products: developer subscription service + developer value-added service + industry application. The developer subscription service is the cornerstone of the business. Through the APP traffic network, the flow is realized through Aurora Alliance products to form a value-added

service, and the massive data accumulated by the developer subscription service is applied to solve the demand pain points of various vertical industries.

8 reasons to be optimistic about Aurora's short-term and long-term stock prices:

1. The performance of the transformation to pure SaaS is great, and the valuation should be targeted to other US-listed SaaS stocks such as Twilio, RAAS and API

With the completion of the transformation and upgrading of Aurora, start from 2020Q4 (will be announced at 4/3/2021), all operating income will come from the SaaS business with high gross profit margin (~74.7% in Q3). The company has become a pure SaaS concept stock, so its valuation logic has also undergone a qualitative change. Aurora Mobile has much lower PS (6.11, PS ~11) versus Salesforce, Shopify. Twilio, Ring central, RAAS, API (average PS ~19)



2. Aurora's 2020Q3 financial indicators have been improving, and the financial situation is getting healthier

By looking at the 2020Q3 cash and cash flow data, the company's operations are in a very healthy state and the financial situation is stable. In the third quarter, the company's operating cash flow reached 30 million, and cash flowed in for two consecutive quarters.

Aurora has adopted strict customer accounting period management policies and collection measures, and the number of receivable turnover days has dropped

significantly from 84 days in the same period last year to 45 days, which also reflects that the company's various financial conditions are getting healthier.

3. Rapid growth in performance in 2020Q4 and 2021, and it is expected to turn losses into profits in 2021: become the first stock to achieve profit earlier than RAAS, API

According to the management's Q4 guidance, the SaaS business revenue in the fourth quarter will be between 74 million and 78 million, an increase of approximately 13% to 19% compared with that of the previous quarter. The annual revenue of SaaS business in 2020 will be 296-312 million. Management expects that in 2021, SaaS revenue will grow by more than 40% compared to 2020, and it is estimated that Aurora's SaaS business revenue in 2021 will reach RMB 414.4-4368 million. It is expected that a turnaround will be realized in 2021 and Aurora will become the first stock that achieve profits earlier than RAAS and API!

4. Stock that benefits from the post-epidemic

As mentioned above, the industry application business under Aurora's SaaS service will be affected by the epidemic in 2020Q1. However, since Q2-Q3, it has gradually recovered due to the decline of the epidemic in China. It is expected that Q4 will be better. As China's vaccines has been distributing widely and economic activity have been recovered strongly, Aurora will benefit from this revenue and provide more momentum for growth.

5. Recently cooperated with numerous well-known companies to expand customer base, which increases income, reduces risks and catalyzes the rise of stock price

The company has recently cooperated with leading platforms in various industries such as finance, insurance, weather, online platforms, games, fresh food, education, etc. For example, Aurora has cooperated with Kuaishou (competitor of Tiktok), German brand-name car manufacturers (BMW), iQiyi, Mavericks, etc. Ping An Bank, China Life Data Center, Moji Weather, WiFi Master Key, Lilith Game, Daily Fresh, and Job Together, and other well-known enterprises. In fact, since the third quarter, the company has worked hard to diversify its customer base by accelerating cooperation with companies. Aurora, as a growing company transitioning to pure SaaS in 2020, it is expected that a new round of announcements will begin after the Chinese Lunar New Year. This acts as a strong catalyst for the rise of the stock price.



6. The strong potential of the new growth engine VaaS short video push

On 2 nd December, 2020, Aurora announced the launch of a new product VaaS short video push. According to market research, the overall market size of VaaS may exceed RMB 50 billion. As long as Aurora gains 1% of the market, the revenue of RMB 500 million is already huge in terms of its market value. I believe we will see initial performance in 2021Q1.



7. Potential mergers and acquisitions, share repurchase possibilities

Most SaaS business customers adopt the prepaid model. After the company completes the transformation of the SaaS business, the cash flow situation will improve, and the extra funds can identify and merge other potential SaaS companies; or be acquired by other large international or Chinese SaaS companies. For example, China Youzan (8083) with a market value of 66.9 billion and Weimob (2013) with a market value of 67 billion, because the acquisition of Aurora can bring synergies to the businesses of the two.

The management also expects that the company will achieve a balance of payments in 2021. Once there is enough cash, the company will consider some acquisitions and even share repurchases in the future (this is common in SaaS, because shareholders are optimistic about the future of the company).

8. The wave of Chinese SaaS IPO has just begun, the valuation has room to rise

Following the official announcement, RAAS became the first Chinese SaaS listed on the U.S. stock market, and was subscribed by many institutions, professional investors and retail investors. Assuming that Aurora is only listed today, with its high

performance growth, predictability, and a turnaround in 2021, I am convinced that its valuation is at least comparable to RAAS. With RAAS current price of PS32, Aurora should be valued 18.18, nearly 2 times higher than the current price. It is estimated that other Chinese SaaS stocks will see RAAS's unprecedented success and will speed up their plans for listing in the United States. It is expected that China's SaaS listed stocks will continue to come this year, greatly increases the popularity and valuation of related stocks.

As a SaaS company with high revenue growth in the next few years, Aurora will arouse more attention, and the repair of stock value will continue to accelerate. The early bird gets the worm and earns the most generous return.

Part 2: Stock price forecast: Valuation has undergone a qualitative change, and the repair of stock price is initiated

Quoting from the research company, Citibank data, Aurora's comparable companies include Salesforce, Shopify, Twilio and other US SaaS companies. The US stock market's recognition of SaaS services is much higher than advertising services, and Shopify's PS in 2021 is even higher: 31. Based on 1) Aurora's 21-year (after cut off of the target marketing business) management's forecasted median income of approximately RMB 425.6 million, 2) the average lowest forecast of the research company's industry is 19 times PS (2021E) valuation and 3) 1 USD = 6.458 RMB:

The most conservative and reasonable market value is about US\$1.252 billion, and the corresponding stock price is 10.79, which is 77% higher than the current price of 6.11

Industry median: PS 25.6, stock price 14.54, up 138% from the current price

Against the standard of RAAS, PS 32, the stock price is 18.18, up 197.5% from the current price

For API, PS57, the stock price is 32.38, 430% higher than the current price

The recent conservative valuation of one of the research companies:

公司名	证券代码	总市值	19 营收	19 毛利率	PE-TTM	PS-TTM	PS2019	PS2020E	PS2021E
Salesforce	CRM.N	225,343.3	17,098.0	75.2%	95.2	11.6	13.2	11.4	9.7
Shopify	SHOP.N	120,433.0	1,578.2	54.9%	-1785.7	57.9	76.3	40.5	30.1
Twilio	TWLO.N	48,163.5	1,134.5	53.7%	-119.8	31.2	42.5	26.5	22.2
RingCentral	RNG.N	26,238.8	902.9	74.4%	-246.5	23.8	29.1	22.2	18.1
声网	API.O	4,033.5	64.4	68.3%	-18.4	33.8	62.6	28.3	21.4
每日互动	300766.SZ	1,660.4	76.6	73.6%	137.9	20.0	20.3	19.9	14.6
平均值				66.7%	-322.9	29.7	40.7	24.8	19.4
中位值				70.9%	-69.1	27.5	35.8	24.4	19.8
极光	JG.O	451.1	129.9	28.3%	-17.5	5.6	3.28	6.38	6.96

*总市值:Market Cap; 毛利率= Gross margin;

Latest and aggressive valuation excluding JG targeted marketing business (RAAS is also listed), Industry median of Saas, PS 25.6

單位: 百萬元(USD)

SaaS行业估值分析					
公司名称	收入 (2020E)	收入 (2021E)	市值 2月5日	市值/收入 FY2020	市值/收入 FY2021
單位: 百萬元 (USD)					
Sales Force	20,775	24,468	219,270	10.6	9.0
Shopify	2,841	3,744	163,210	57.4	43.6
Twilio	1,668	2,194	64,200	38.5	29.3
Ring Central	1,166	1,433	36,680	31.5	25.6
Agora (声网)	138	172	9,800	71.0	57.0
RaaS (容联云)	110	154	2,500	22.7	16.2
极光	40	66	665	16.6	10.1
平均数				35.5	27.2
中位数				31.5	25.6

注: 极光除去精準營銷業務收入

*市值/收入= PS; 中位數= Industry median of SaaS;

Research report summary:

Compared with the estimated revenue of API and RAAS in 2021, although Aurora's revenue is relatively small, its performance growth rate and gross profit margin are the highest. The absolute value of its 2021E gross profit is 320 million, which can be compared to the standard RAAS's 380 million. Therefore, Aurora's valuation is at least 10.79, optimistically to the standard RAAS 18.18, which is significantly lower than the current price. The current price of 6.11 has at least an increase of 77%-197.5%.

Warren Buffett: Be greedy when others are fearful

I hope that all of friends, after reading my article, you will realize that you are holding a high-potential multiplying stock. If you have missed Tesla, Square, Sea limited, please cherish the rare Aurora bargaining chip in your hand! Personally, I have bought this stock with all my money USD 183507 with average stock price 7.2 and I will make a long-term investment.

Symbol	MV/QTY	Price/Cost	P/L	Tot
Aurora Mo...	164,803.84	6.47	-18,704.61	
JG	25,472	7.2043	-10.19%	

If you disagree with me and you are a short seller, please sell stock to us. We, who understand the prospects of Aurora will have a strong hold! Our cash is ready. Don't look down the power of individual retail investors. Watch out! Short sellers, you may be bitten and bloodied! We will repeat the GME historical moment!

Dear friends, we are all together! Aurora dream comes true! YOLO!

(This post is for reference purposes and does not constitute an invitation or offer to acquire, purchase or subscribe for securities)