

Duiba Group

兑吧集团

2020 Annual Results



Stock Name: **DUIBA**

Stock Code: **HK 1753**

Listed : **2019/05/07**

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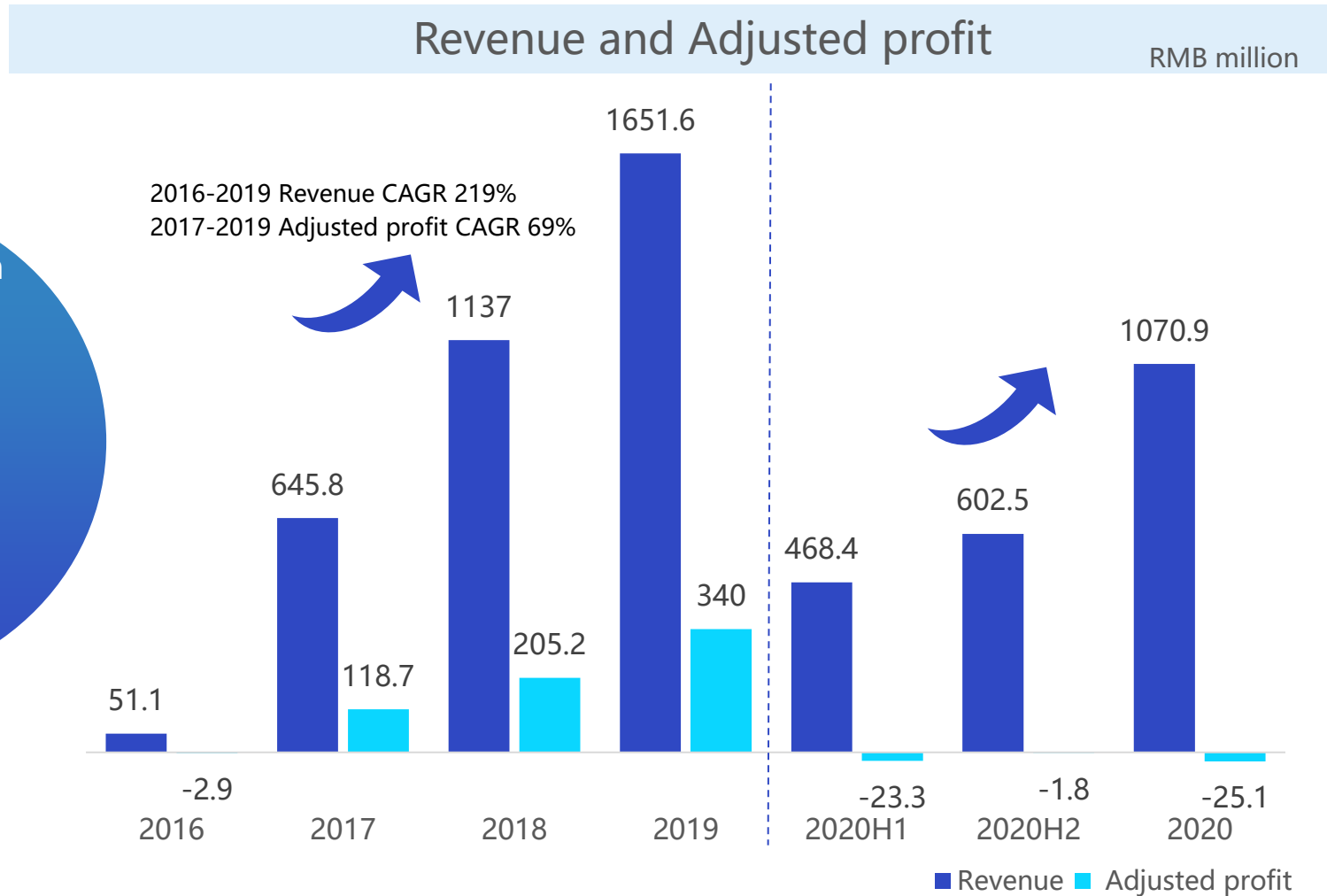
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○ **Financial** ○
Performance of 2020

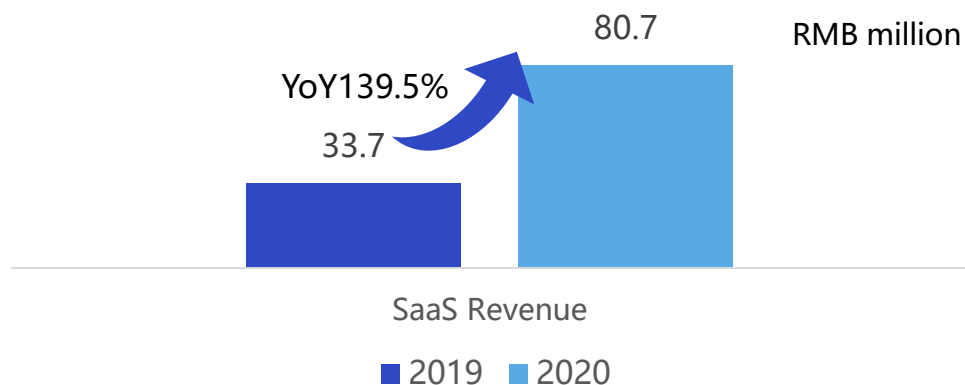
Solid historical performance growth, strong recovery is highly expected

2020 Cash and cash equivalents
+
Financial assets
1,283
(RMB million)

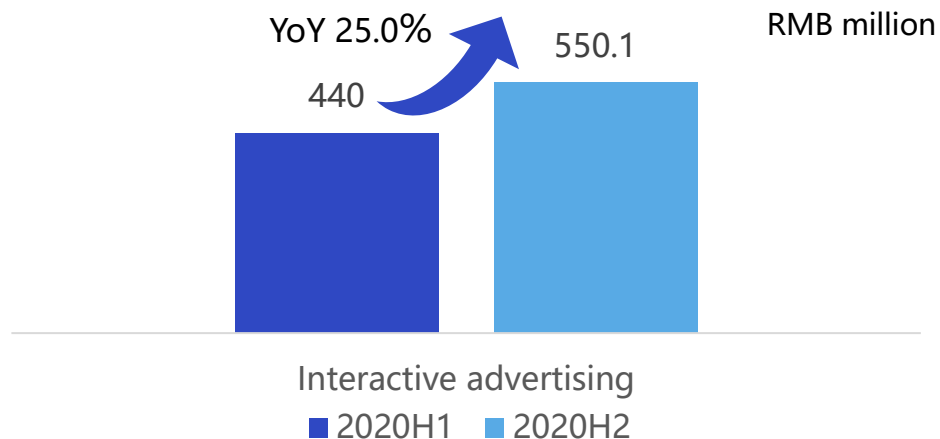


Rapid development of SaaS business, Advertising business stabilizes and rebounds

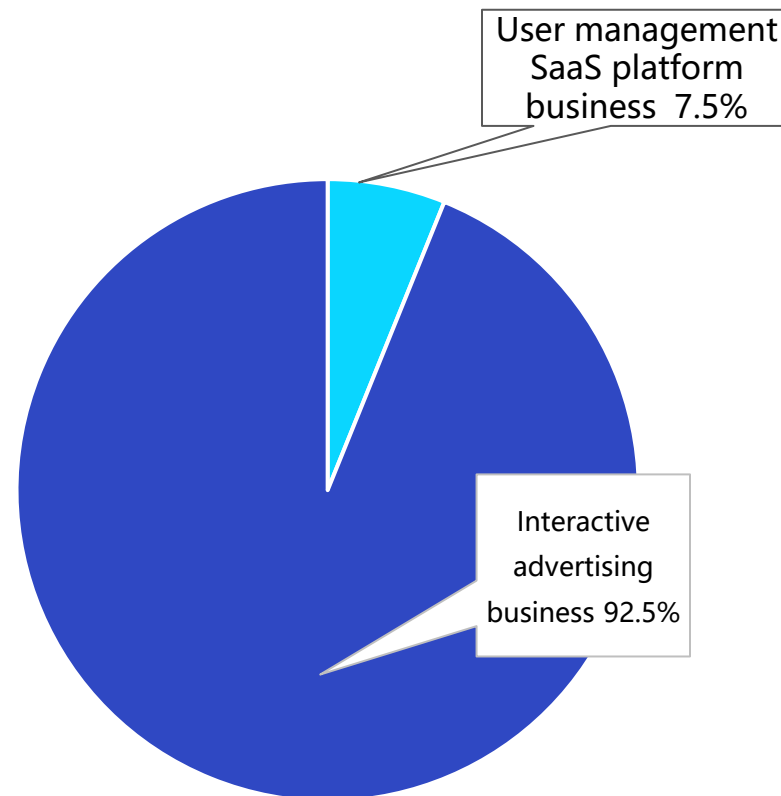
Rapid development of SaaS business



Interactive advertising business stabilizes and rebounds in 2020H2

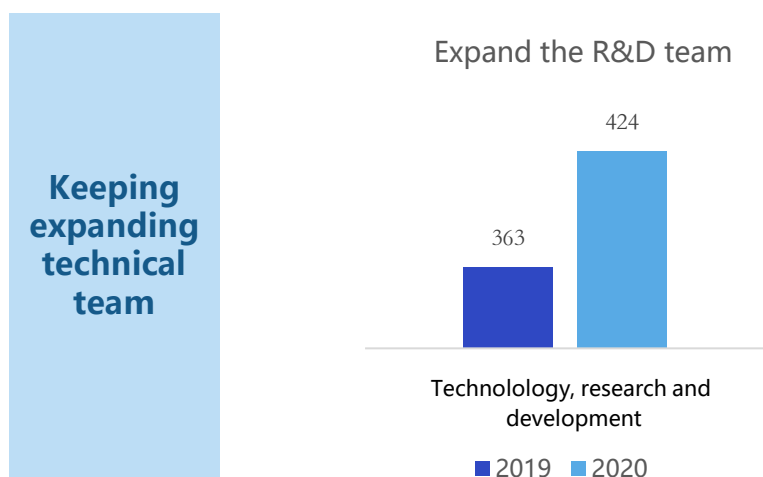
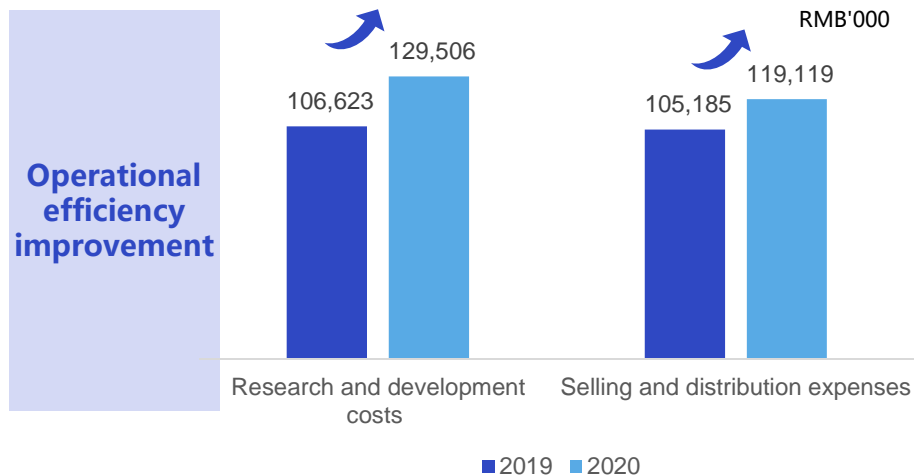


Breakdown of our revenue by nature

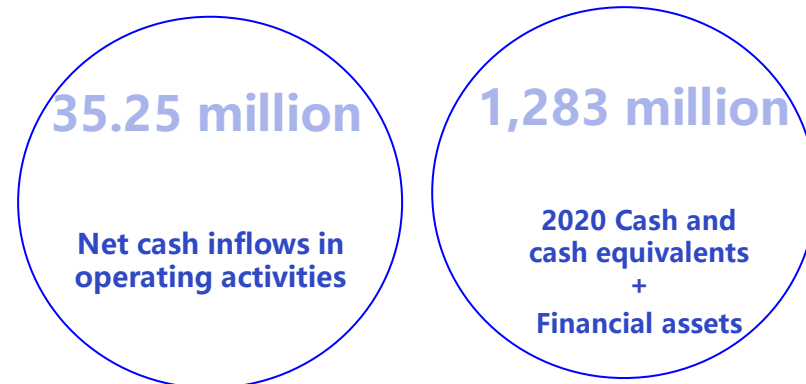


- The proportion of user operation SaaS revenue in the group's revenue continues to increase;

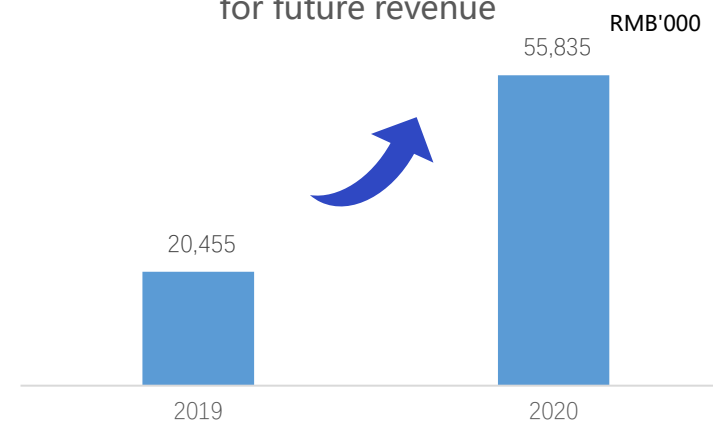
Stable operation ability



Adequate cash reserves and solid cash flow provide a high margin of safety



High contract liabilities lay the foundation for future revenue



note : Contract liabilities means already signed but unamortized amount. Most of these liabilities come from SaaS business and will be amortized into revenue in the future.

Won multiple industry awards and honors

With our outstanding performance in the SaaS field, we have been awarded multiple industry awards and honors in 2020.

Financial Sector [Outstanding Fintech Innovation Award]

Retail Banking [Digital Marketing Innovation Award]

Zhejiang UnionPay [Best Partner of the Year 2020]

Alibaba [2020 Shopping Mini Program Innovation Award]

Internet Weekly [The Best User-Operated SaaS Platform of 2020]

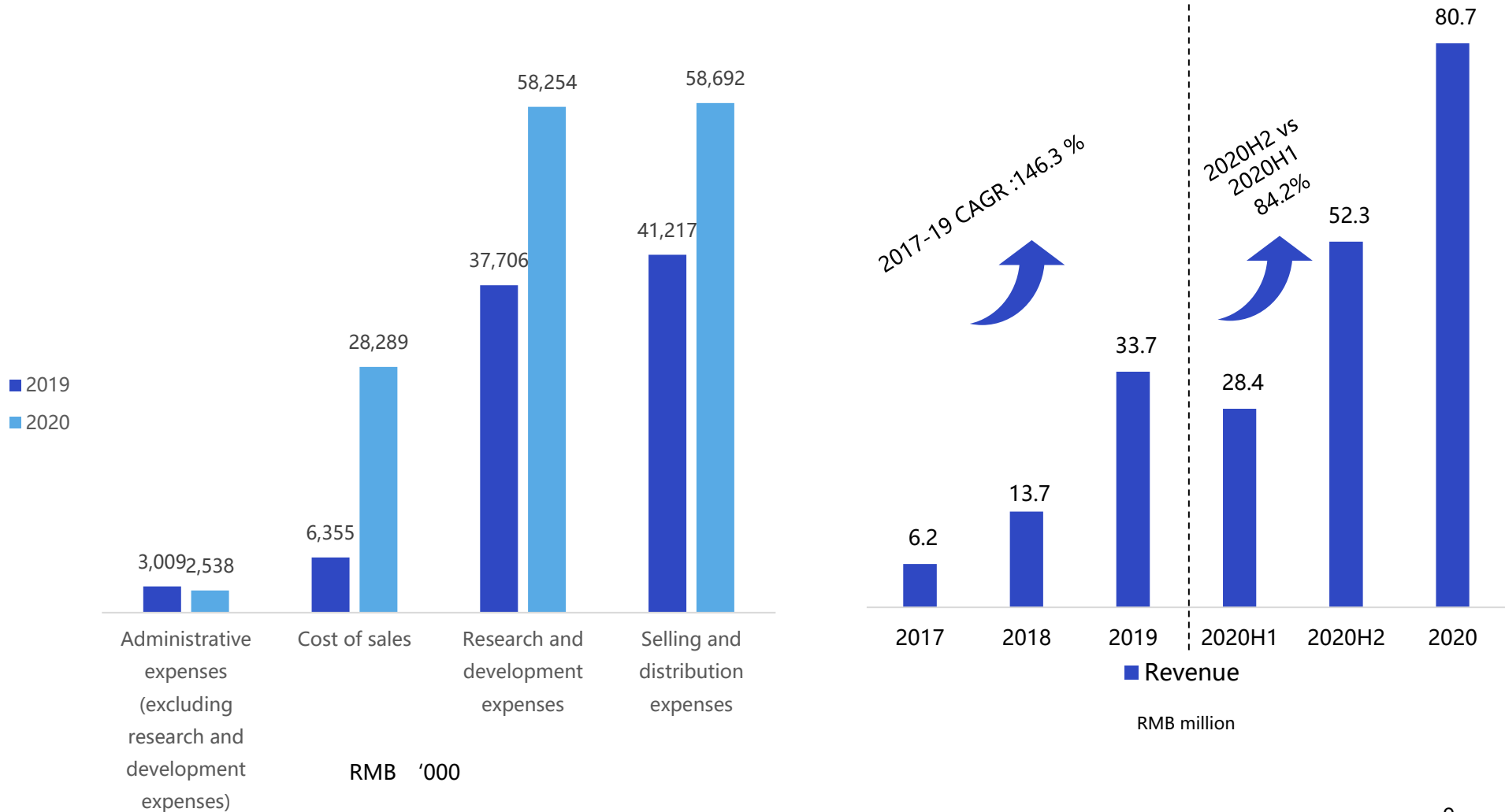


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User management SaaS Introduction

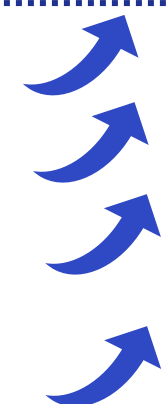
The rapid growth of users management SaaS business

Financial performance of user management SaaS

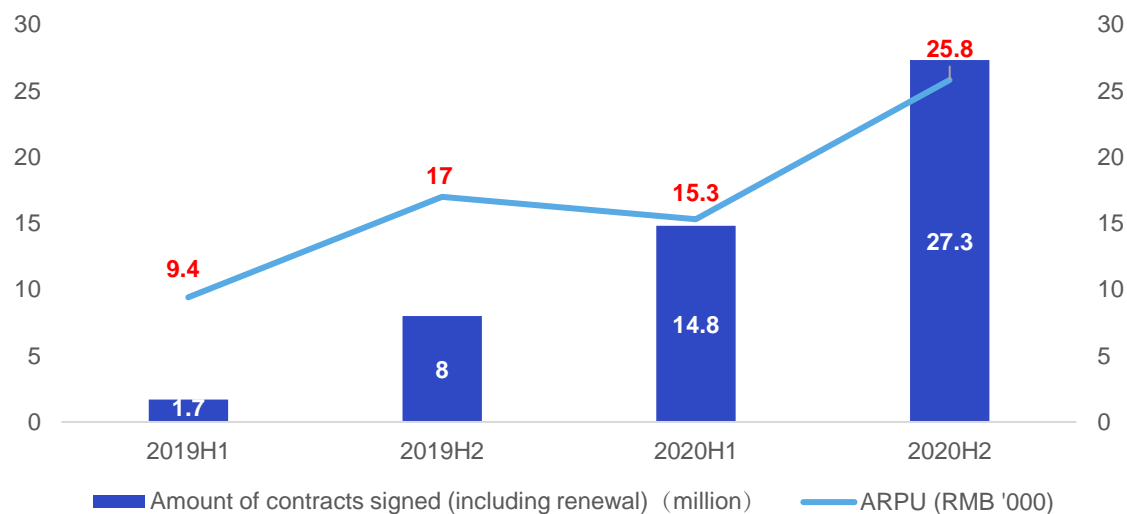


2020 Key achievements of user management SaaS business

Outstanding Business Performance

New Contract (including renewal)	834	YoY 29%	
Paying customer	832	YoY 29%	
2020 Unit price	125,000	YoY 87%	
New Contract (including renewal) of Banking	203	YoY 212%	
Retention rate of old customers	> 80%		

Financial Industry contract



2020 Duiba Group SaaS clients distribution

SaaS

Financial Served 251 clients



Offline Clients Served 581 clients



Online Clients



In 2020, served more than 30 clients

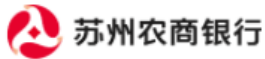
Taobao brand merchants



Financial industry—user management SaaS of Duiba Group

Duiba provides more advanced products and services for the bank to C business department (such as network finance Department/credit card Department), improves the bank's online active customers and customer acquisition ability, and promotes customers to use/purchase financial products and services at a higher frequency. Finally, it helps the bank to realize the innovation of online business mode and improve business efficiency.

Performance measure: weekly reach rate, operational business conversion rate, number of new apps from Baivis, and user retention rate in the next week



Fees in the financial industry :

User management saas
VIP packages
Price: 198000/year

Live show tool
price: 50000-
80000/once

Customized service
price: Charge according to
demand

Financial saas
products

Financial Industry -Introduction of Duiba Livestreaming SaaS

Value of Duiba Livestreaming:

1. Assist the business to operate online in the general epidemic environment.
2. Interaction to obtain more accurate business leads.
3. Promote user fission to get more new users in the WeChat environment.



Livestreaming service RMB50,000-80,000 / 1 session, as of December 31, 2020, 35 banks and insurance clients have been contracted to provide multiple live sessions.

Advantages of Duiba User Management SaaS



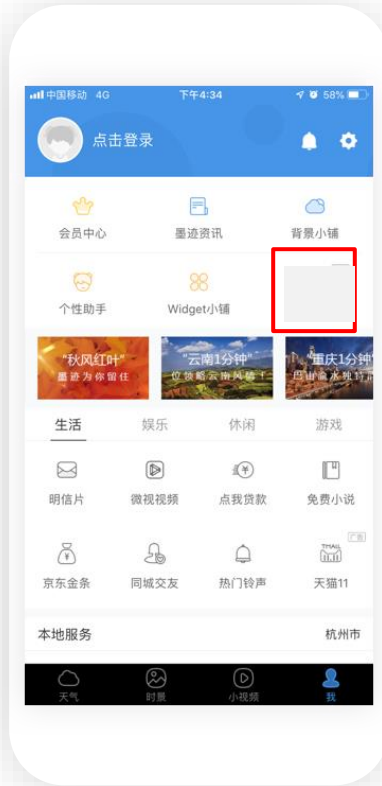
<ul style="list-style-type: none">• Non-priority development with long lead times, usually on a monthly basis	Reduced time	<ul style="list-style-type: none">• 1-2 weeks development time
<ul style="list-style-type: none">• Single product manager or technical development of a monthly salary of RMB20,000, the team needs to operate with at least 5 people, a year to invest in RMB1.2million+	Reduced costs	<ul style="list-style-type: none">• More experience and lower trial and error costs with a basic package price of only RMB60,000 and an upgrade package price of only RMB130,000.
<ul style="list-style-type: none">• Due to the low level of informatization of offline enterprises and the lack of operational experience of user management, it is difficult to achieve the expected results.	Increased effectiveness	<ul style="list-style-type: none">• Rich strategy, serving all kinds of online and offline large and medium-sized enterprises, experienced and effective.
	Technological barriers	<ul style="list-style-type: none">• Highly stable user management SaaS system• Highly scalable underlying architecture• We use a secure and reliable encryption algorithm similar to the one used by Alipay for sensitive data.

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Interactive advertising

○ Introduction ○

What is Interactive advertising



Users click the entry



Enter the activity scene

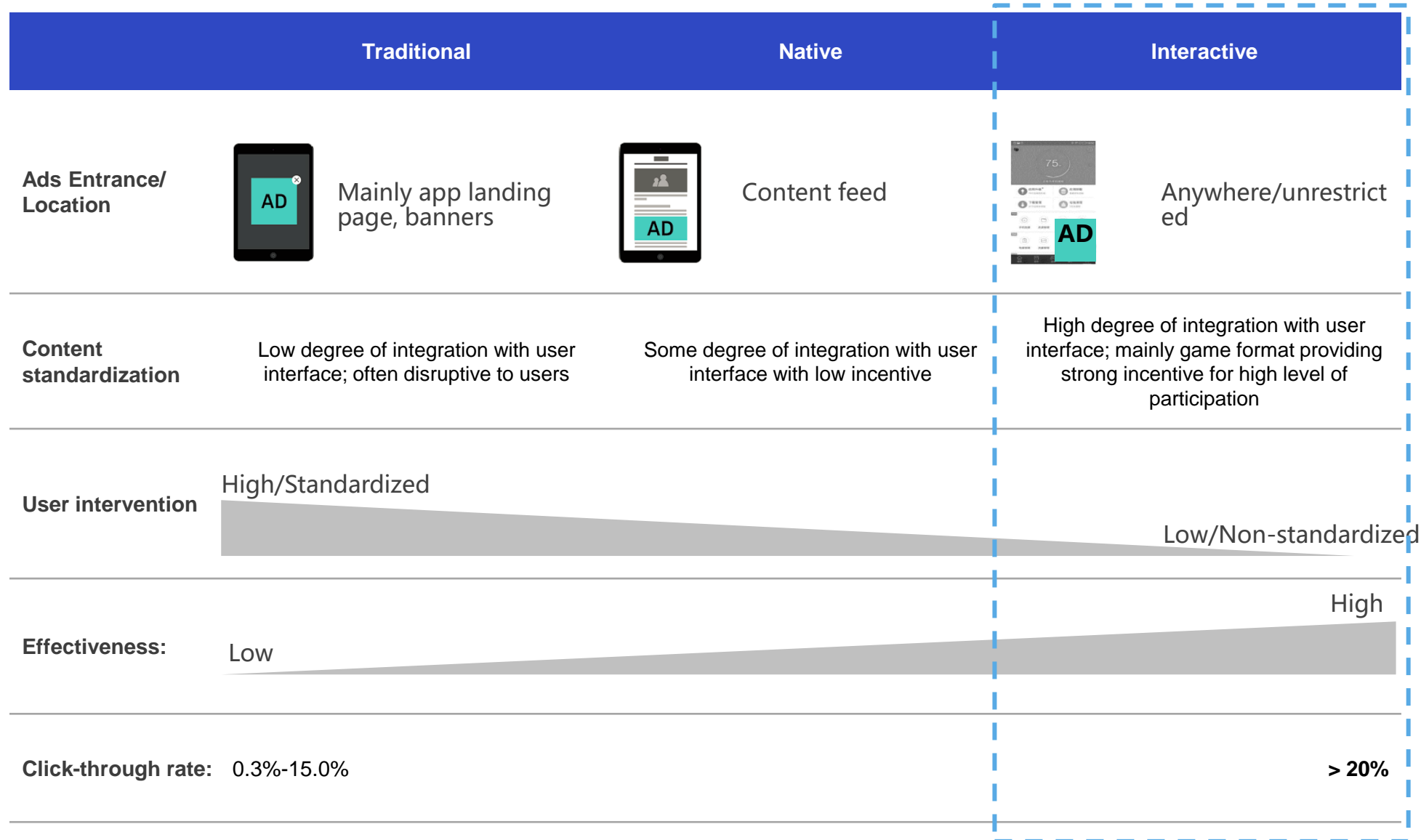


Click "Get it now"



Enter the advertiser landing page

Comparing interactive advertisement with other mobile advertisement formats



Source: iResearch

We served various verticals and high-quality advertisers

中国平安
PINGAN

微保

水滴保

小米金融
小米家的综合理财平台

淘宝直播

省呗

支付宝
ALIPAY

手机淘宝

拼多多
拼着买·才便宜

京喜

返利
为美好生活而省
Fanli.com

饿了么

蜂鸟有享

美团 美团

大众点评

快手

中国移动
China Mobile

China
unicom 中国联通

英孚教育
English First

招商银行 | 信用卡
CHINA MERCHANTS BANK | Credit Card

Structure of traffic sources



Multiple advertising space

Standard Ads Entrance



Mainly app landing page



Banner



Content feed

Non-standard Ads Entrance



Debris flow



Floating window



Popup window

Multiple media channels

Online Top Media



top100app

Offline Media



Scan to pay Shared charger Shared bike

Multiple media industries



Information channel



Mobile payment



Tool app



Life service

Future - Interactive advertising traffic scenarios are more diverse



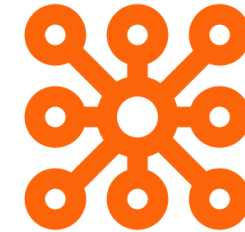
Digital TV flow

According to the China Network Audiovisual Program Service Association "2020 China Network Audiovisual Development Research Report", the total activated scale of smart TVs in my country in 2019 reached 219 million units. Smart TV activation is expected to reach 280 million units in 2022. According to China Radio and Television data, the DVB+OTT/IPTV+OTT model accounts for 83.4% of the total, occupying the mainstream position.



applet

According to the "White Paper on Mini Program Internet Development in 2020" issued by a third-party organization, there will be more than 6 million mini programs in the entire network in 2020. Among them, the number of WeChat Mini Programs exceeded 3.8 million, daily active users exceeded 400 million, MAU was 830 million, and the average daily usage time per capita exceeded 1200s. The transaction scale of WeChat Mini Programs exceeded 2 trillion.

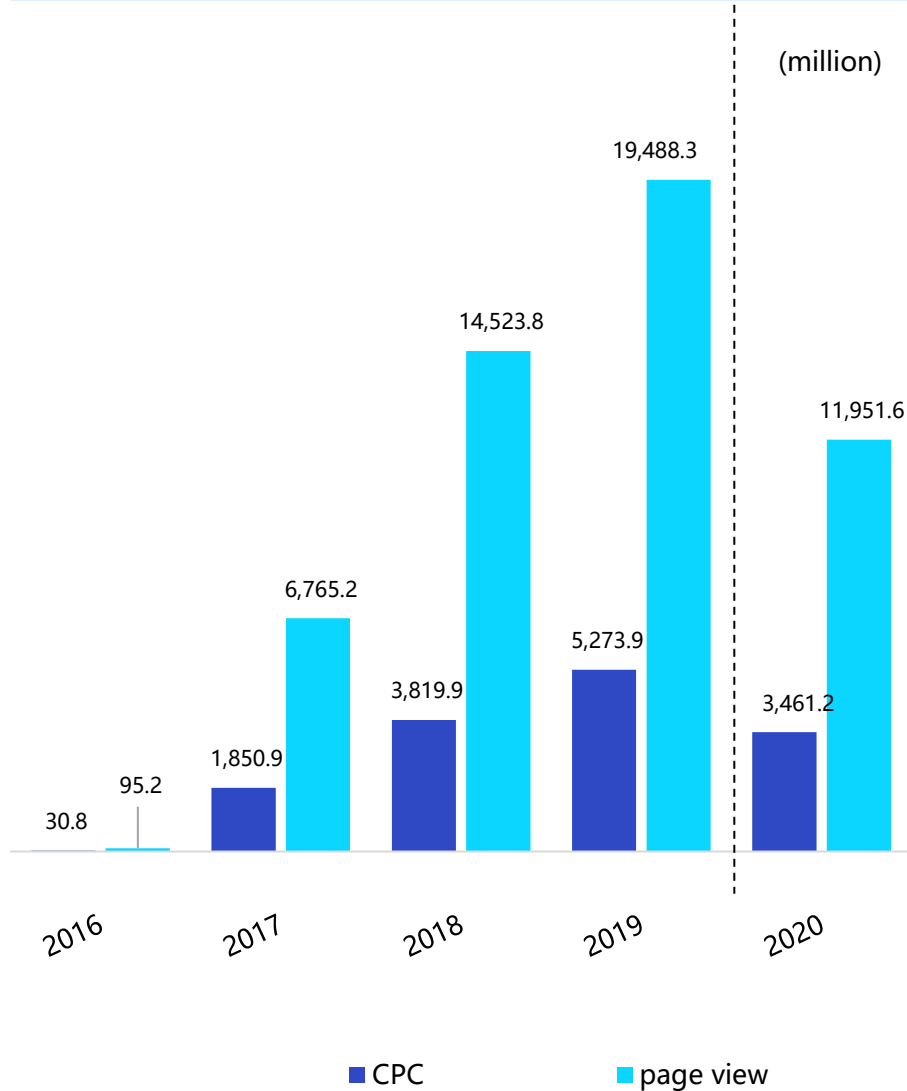


IOT(Internet of Things)

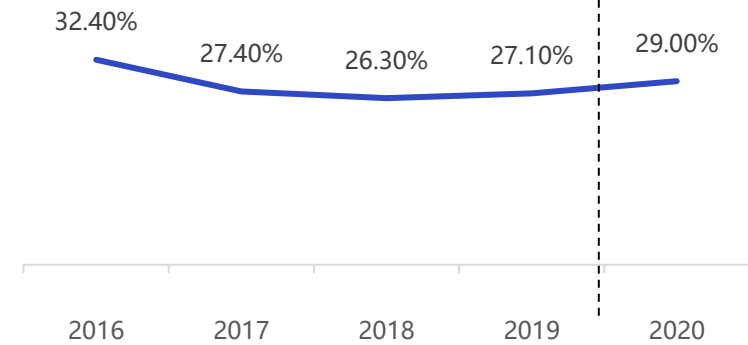
In the 5G era, the IOT makes the Internet interact with people's life scene in a deeper level, and the IOT era will cover all kinds of entrances of human production and life in a more comprehensive way.

Interactive advertising business stabilizes and rebounds

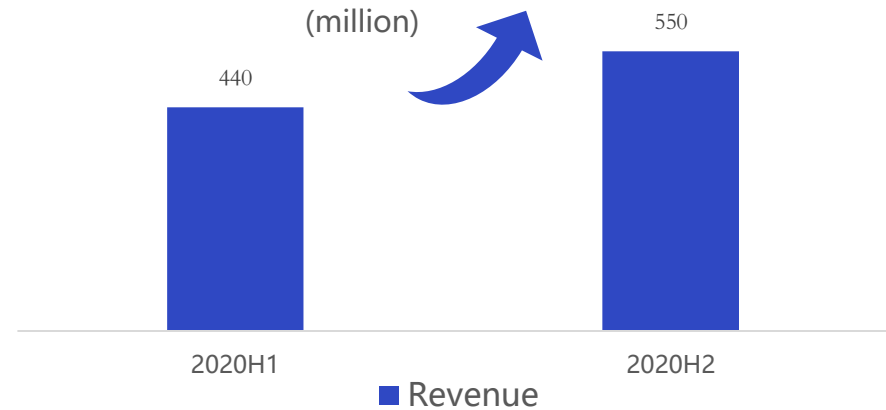
Page view and Click



Click Value Rate



Rapid recovery in the second half of the year



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○ Future outlook ○

Future outlook

In 2020, the sudden new crown pneumonia epidemic has brought an unprecedented impact on China's economic and social development. Fortunately, the domestic new crown pneumonia epidemic has been well controlled in the short term, and the fundamentals of China's long-term economic improvement remain unchanged. Our overall revenue and profit, especially the performance of our advertising business, will inevitably be affected by the epidemic, but we have resumed a positive quarter-on-quarter growth in the second half of 2020, and will continue to achieve good operating results and customers in the user-operated SaaS business in 2020.

With our outstanding performance in the SaaS field, we were awarded a number of industry awards and honors in 2020, such as: "Outstanding Fintech Innovation Award" in the financial industry, "Digital Marketing Innovation Award" for retail banks, and Zhejiang UnionPay "Best Cooperation in 2020" "Partner", Internet Weekly "2020 Best User-Operated SaaS Platform", Alibaba "2020 Shopping Mini Program Innovation Award", etc.

Since the beginning of our business in 2014, we have always used SaaS as the company's main business line, and in 2018 we began to explore commercialization. In 2020, our user-operated SaaS business has entered an acceleration stage, and revenue has increased significantly by 139.7% to RMB 80.7 million ([2019]: RMB [33.7] million); at the same time, the average number of customers charged for operating SaaS services The customer unit price increased by 86.6% to approximately RMB 125,000 ([2019]: RMB [67,000]), and the above business indicators achieved rapid growth in 2020. In the future, we will deepen the financial vertical industry represented by banks for a long time, and continue to upgrade and innovate our SaaS products and services.

Although in the past year, due to the impact of the epidemic on offline traffic channels and advertiser budgets, the interactive advertising business has encountered many challenges, but we have continued to overcome difficulties and achieved good growth. In the second half of the year, we resumed the interactive advertising business. Positive growth. We believe that through interactive advertising products and services to help all types of media customers achieve incremental revenue, it is the most efficient and fastest-scale innovation for traffic monetization; at the same time, the media customers of our interactive advertising business are no longer limited to online information and For entertainment platforms, there are a large number of online and offline user scenarios that have already cooperated and are yet to cooperate, such as offline payment scenarios, consumer goods scenarios, and Internet of Things scenarios. There is a huge space for diversified traffic in the future.

Finally, on behalf of the company, I would like to thank all customers for their trust, every employee for their unremitting efforts, and shareholders and investors for their support and encouragement.

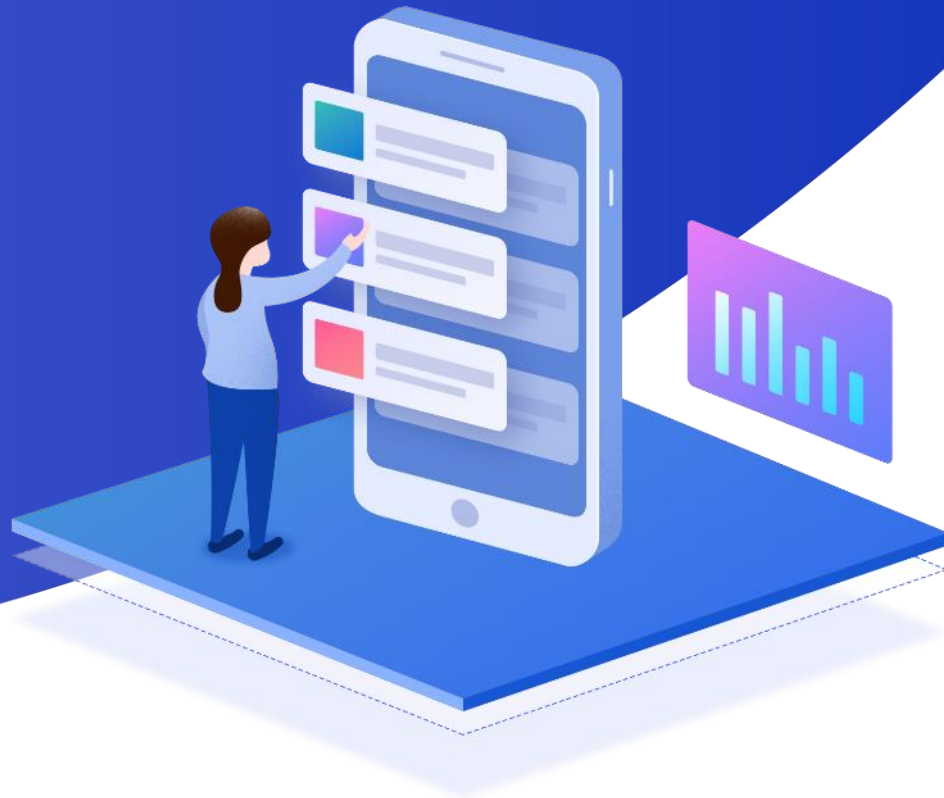
Chairman of the board

Chen Xiaoliang

Hangzhou, China, March 30, 2021

Appendix

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Income statement

For the 12 months ended 31 December				
(RMB 000)	2017	2018	2019	2020
Revenue	645,792	1,137,032	1,651,636	1,070,863
Cost of sales	(403,766)	(708,119)	(1,084,138)	(846,533)
Gross profit	242,026	428,913	567,498	224,330
<i>Gross profit margin</i>	<i>37.50%</i>	<i>37.70%</i>	<i>34.40%</i>	<i>20.95%</i>
Other income and expenses	3,260	13,222	31,942	50,873
Selling and distribution expenses	(46,026)	(107,156)	(105,185)	(119,119)
Administrative expenses	(82,213)	(173,554)	(221,813)	(218,275)
Changes in fair value of financial liabilities at fair value through profit or loss	(18,605)	(453,592)	(475,790)	-
Other expenses	(79)	(1,139)	(5,774)	(7,973)
Finance costs	-	(5,772)	(244)	(261)
Profit / (loss) before tax	98,363	(299,078)	(209,366)	(70,460)
Income tax expense	(255)	7,496	9,562	6,894
Profit (loss) for the year/period	98,108	(291,582)	(199,804)	(63,566)
Reconciliation of adjust profit/(loss)				
Profit (loss) for the year/period	98,108	(291,582)	(199,804)	(63,566)
Share payment	1,991	12,247	28,769	38,438
Listing Expense	-	25,188	35,226	-
Changes in fair value of financial liabilities at fair value through profit or loss	18,605	453,592	475,790	-
Finance Cost	-	5,772	-	-
Adjusted net profit/(loss)	118,704	205,217	339,981	(25,128)
<i>% of Revenue</i>	<i>18.40%</i>	<i>18.00%</i>	<i>20.60%</i>	<i>-2.35%</i>

Balance sheet

(RMB 000)	As at 31 December			
	2017	2018	2019	2020
NON-CURRENT ASSETS				
Property, plant and equipment	3,600	8,930	5,238	8,176
Intangible assets	96	894	679	515
Deferred tax assets	3,133	10,877	20,863	28,741
Prepayments, deposits and other receivables	327	1,979	713	1,606
Long-term investment	-	-	-	18,965
Total non-current assets	7,432	22,680	31,880	68,461
CURRENT ASSETS				
Trade receivables	14,474	114,963	146,586	93,052
Prepayments, deposits and other receivables	13,819	46,570	124,155	132,660
Financial assets at fair value through profit or loss	224,882	426,172	1,072,857	1,147,571
Cash and cash equivalents	90,790	281,565	220,779	135,269
Total current assets	356,041	869,270	1,564,377	1,528,804
Total asset	363,473	891,950	1,596,257	1,597,265
CURRENT LIABILITIES				
Trade payables	93,087	63,209	101,853	89,434
Other payables and accruals	90,195	88,443	109,277	151,877
Contract liabilities	27,522	20,657	20,455	55,835
Total current liabilities	210,804	172,309	234,573	303,188
Net current assets	145,237	696,961	1,329,804	1,225,616
Total assets less current liabilities	152,669	719,641	1,361,684	1,294,077
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss	144,680	1,151,391	-	-
Total non-current liabilities	144,680	1,151,639	1,117	3,685
Net assets / (liabilities)	7,989	(431,998)	1,360,567	1,290,392
EQUITY				
Share capital	-	44	72	70
Treasury shares	-	-	(108,565)	-
Reserves	7,989	(432,042)	1,469,060	1,290,322
Total equity/(net deficiency in assets)	7,989	(431,998)	1,360,567	1,290,392

Cash flow statement

	For the 12 months ended 31 December			
(RMB 000)	2017	2018	2019	2020
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	98,363	(299,078)	(209,366)	(70,460)
Adjustments for:				
Interest income	(112)	(2,462)	(3,111)	(1,607)
Investment income from financial assets at fair value through profit or loss	(2,001)	(8,021)	(19,172)	(19,902)
Change in fair value of financial assets at fair value through profit or loss	(501)	(2,128)	(1,586)	7,636
Change in fair value of financial liabilities at fair value through profit or loss	18,605	453,592	475,790	-
Increase/(decrease) in trade receivables	(10,097)	(101,102)	(31,667)	53,431
Increase in prepayments, deposits and other receivables	(10,298)	(34,368)	(77,235)	(9,930)
Increase/(decrease) in trade payables	88,172	(29,878)	38,644	(12,419)
Increase/(decrease) in deferred revenue	27,522	(6,865)	(202)	35,380
Increase in advances from customers, other payables and accruals	57,469	(1,752)	20,834	42,600
Net cash flows from operating activities	269,764	(7,423)	240,967	35,254
CASH FLOWS FROM INVESTING ADTIVITIES				
Proceeds from disposal of financial assets at fair value through profit or loss	(378,381)	(1,564,013)	(3,065,898)	(2,301,905)
Acquisition of equity interests in subsidiaries from the then shareholders	180,770	1,372,876	2,441,703	2,222,499
Net cash flows from/(used in) investing activities	(199,826)	(231,231)	(625,740)	(104,581)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from financial liabilities at fair value through profit or loss	-	712,005	-	-
Dividends paid to the then shareholders	-	(18,228)	-	-
Proceeds from issue of shares	-	35,579	574,640	-
Repurchase of shares	-	(255,890)	(138,135)	-
Net cash flows from financing activities	-	403,550	304,397	(6,655)
Net increase in cash and cash equivalents	69,938	164,896	(80,376)	(75,982)
Cash and cash equivalents at the beginning of the year/period	20,852	90,790	281,565	220,779
Cash and cash equivalents at the end of the year/period	90,790	281,565	220,779	135,269

The background is a solid blue color with various abstract geometric elements. In the top left, there is a large blue arrow pointing downwards. In the top center, there is a small orange triangle. In the top right, there is a large blue arc. In the bottom left and bottom right, there are 3D bar chart structures with blue and purple bars. In the center, there are several circles of different sizes and colors (blue, orange, green). The overall design is modern and clean.

Thanks!