

The background of the slide is a vibrant, multi-colored fabric with a rainbow-like gradient from purple to red. A white rectangular box is positioned in the upper right corner, containing the company logo. Another white rectangular box is centered horizontally across the middle of the slide, containing the main title.

BLUECITY
蓝城兄弟

4Q20 Earnings Presentation

March 2021

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FY20Q4 and Full Year Financial Highlights

Fourth Quarter Revenues of RMB278.8 million, up 24.2% year-over-year
Fourth Quarter Total Paying Users of 518 thousand, up 37.9% year-over-year
Full Year Revenues of RMB1.03 billion, up 35.9 % year-over-year

Total revenues

Q4 Total revenues reached RMB278.8 million (US\$42.7 million), an increase of 24.2% from the same period in 2019.

FY20 Total revenues reached RMB1.03 billion (US\$158.1 million), an increase of 35.9% from RMB758.9 million in 2019.

Net Loss

Q4 Net loss was RMB73.1 million (US\$11.2 million), compared with net loss of RMB7.2 million in the fourth quarter of 2019.

FY20 Net loss was RMB221.9 million (US\$34.0 million), compared with net loss of RMB52.9 million in 2019.

Adjusted Net Income

Q4 Adjusted Net Loss (Non-GAAP) was RMB36.0 million (US\$5.5 million), compared with adjusted net loss of RMB15.0 million in the fourth quarter of 2019.

FY20 Adjusted Net Loss (Non-GAAP) was RMB39.8 million (US\$6.1 million), compared with adjusted net loss of RMB52.9 million in 2019.

Monthly Active Users

Monthly active users (“MAUs”) of BlueCity’s portfolio apps reached 7.6 million, an increase of 20.3% from the same period in 2019.

Total Paying Users

Total paying users on the Blued mobile app reached 518 thousand, an increase of 37.9% compared with 376 thousand in the fourth quarter of 2019.

Acquisition



- Completed the acquisition of **LESDO**— A leading location-based social networking services provider targeting the lesbian community.
- Large population with massive monetization opportunities— Nearly 200 million globally representing 40% of the LGBTQ population.
- A great opportunity for us to deepen the connection with LGBTQ community, expand the addressable market and further drive our monetization capability.
- Acquisition of **Finka**-- A leading gay social networking app in China targeting younger generations.
- Finka users are mostly millennials that live in first- and second-tier cities with strong purchasing and influential power.
- As of December 2020, Finka's MAU reached a historic high of 730,000.

Overseas



- Significantly improved our visibility through #StayProudVirtual Pride Experience.
- Introduced a major update to its Blued mobile app in Latin America with optional photo verification and a simpler user interface. By February 2021, MAU had **DOUBLED** since the launch of new version, reaching record highs in Mexico and Brazil.
- Rolled out an exclusive tailored voice chat room feature in some Asian markets.

Product Innovation



- Launched “Community” feature on Blued app in mainland China, enabling users to join groups covering diverse topics and better engage with like-minded community members.
- Introduced a voice chat room function on Blued app in mainland China, allowing users to join engaging chat rooms based on language, friends and interests.
- Rolled out a BlueCity original short-video series called “Dear Sirs”, which has generated **over 33 million views**.
- Launched a new version of LESDO with interactive features to facilitate even more effective connections.
- By February, LESDO’s MAU **increased 3.1 times** since the acquisition.

ESG&CSG



- BlueCity was ranked at No.12 among 50 top Chinese Internet companies for its CSR performance in 2019.
- Released 2019 ESG and CSR reports.
- Pledged to donate RMB1 million to further carry out HIV-prevention education and control in the lead-up to World AIDS Day.
- Launched the “Let Love Go Home” campaign during Chinese New Year to push for greater LGBTQ acceptance and understanding among the families of community members in China.
- Partnered with UNAIDS on Zero Discrimination Day (March 1), with a monthlong series of awareness-building events aiming to help end discrimination and inequality across societies in Asia-Pacific.

1

Products & Services

- ▶ Enrich our products and services offerings to further engage and cultivate our community more deeply
- ▶ Leverage on the strength of our product portfolio to further expand our use base and achieve faster revenue growth

2

Overseas Expansion

- ▶ Actively expand overseas business by entering new markets and strengthening leadership in existing markets such as Latin America
- ▶ Further accelerate monetization in mature overseas markets

3

Health Related

- ▶ Focus on providing health-related services for men in the LGBTQ community
- ▶ Build our well-recognized health-related service “He Health” the engine for our next phase of growth

Our commitment to providing comprehensive products and services

Membership Services

Health related

- ✓ Sale of health and HIV-related products
- ✓ Online health consulting services in cooperation with health care professionals



- ✓ Subscription service
- ✓ Pay-per-Use services
- ✓ Offering more options and better pricing

Public Interest

- ✓ HIV Research / Testing / Prevention / Education / Volunteer
- ✓ Funding for HIV Prevention through Danlan Public Interest Foundation



live streaming

- ✓ AI-based personalized content recommendations
- ✓ Interaction via live comments and virtual gifts



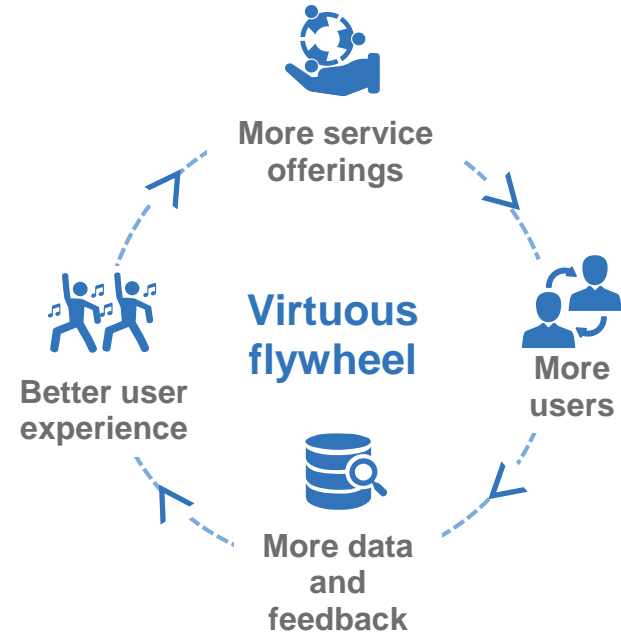
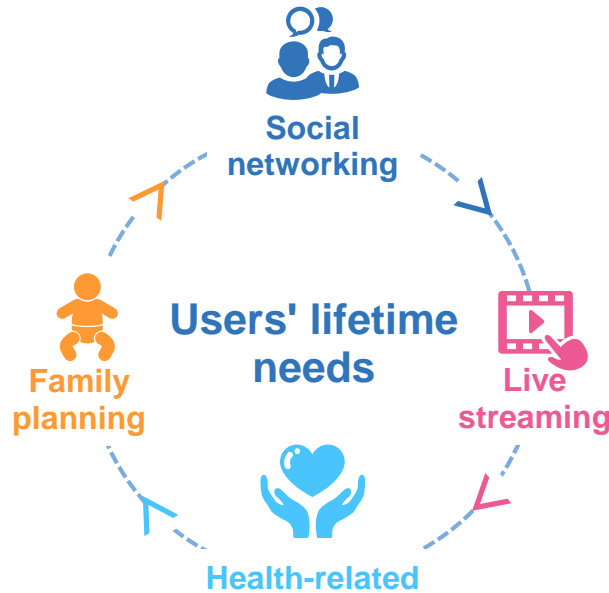
Other opportunities



- ✓ Location-based / Swipe model social networking
- ✓ Content-based community
- ✓ Membership services



Strong user engagement and stickiness driven by sense of belonging



Outstanding user engagement and loyalty



Average daily sessions per active user

16+ times⁽¹⁾



Average daily time spent on *Blued* per active user

60+ minutes⁽¹⁾



Average next-month retention rate

71.0%⁽²⁾



DAU / MAU on *Blued* app

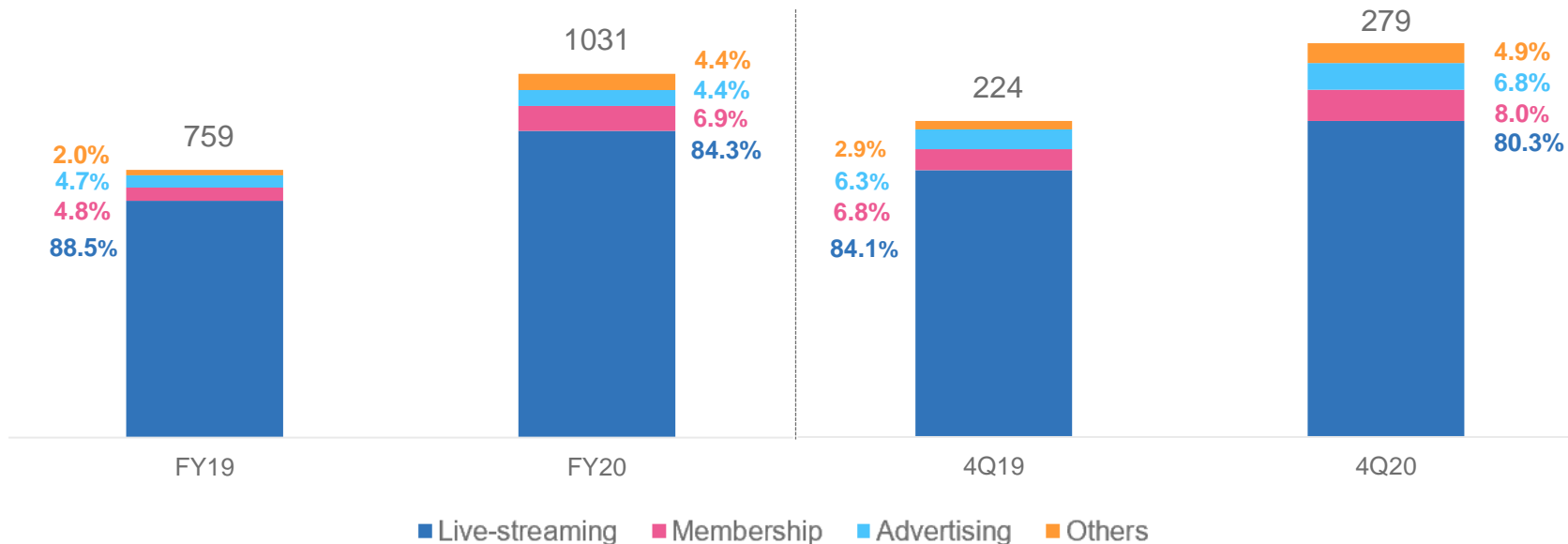
44.4%⁽³⁾

Notes:

- (1) Frost & Sullivan report, in 2019
- (2) In 2019
- (3) Calculated by dividing 4Q2020 average DAU by 4Q2020 average MAU of *Blued* app

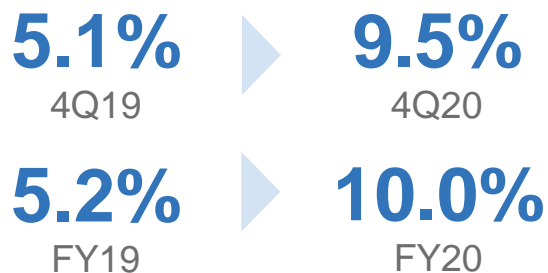
Revenue

(RMBMN)

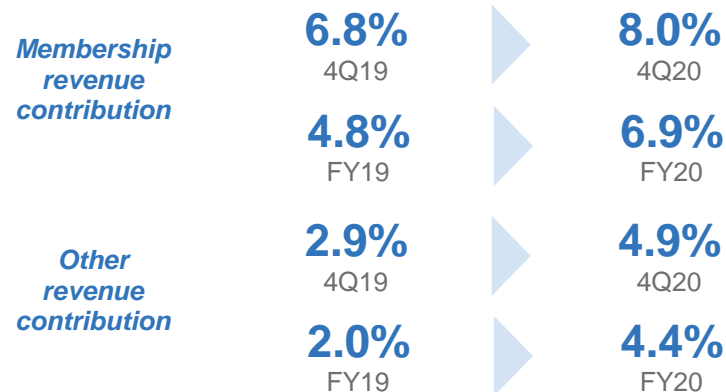


Increasing overseas revenue contribution

Overseas revenue contribution (%)



Increasing membership and other revenue contribution



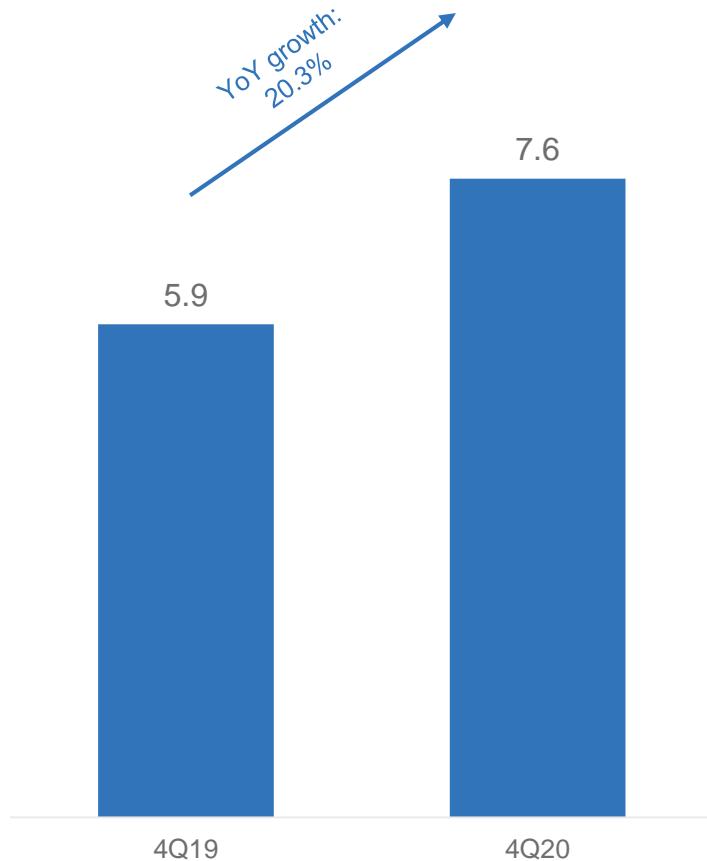
Note:

- (1) Revenue for the PRC excluding Hong Kong S.A.R., based on the location of the customers
- (2) Rounding difference may occur

User Base and Monetization Efforts

Continuously expanding user base MAUs of BlueCity's Portfolio Apps

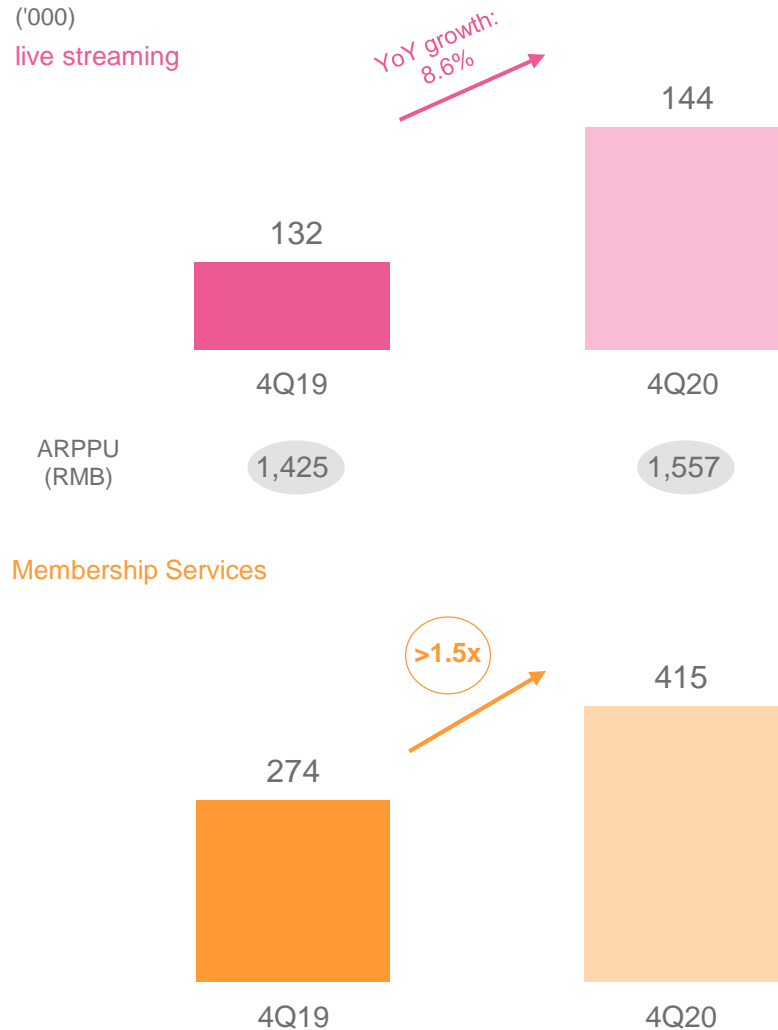
(MN)



Deepening monetization efforts Paying users

('000)

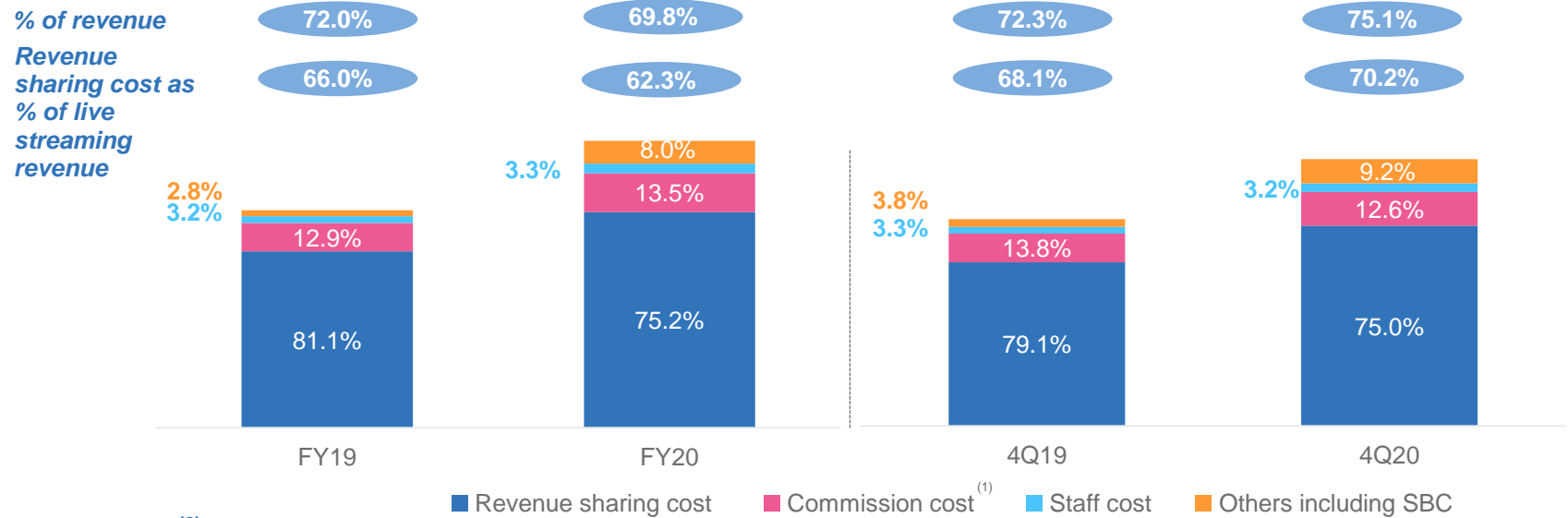
live streaming



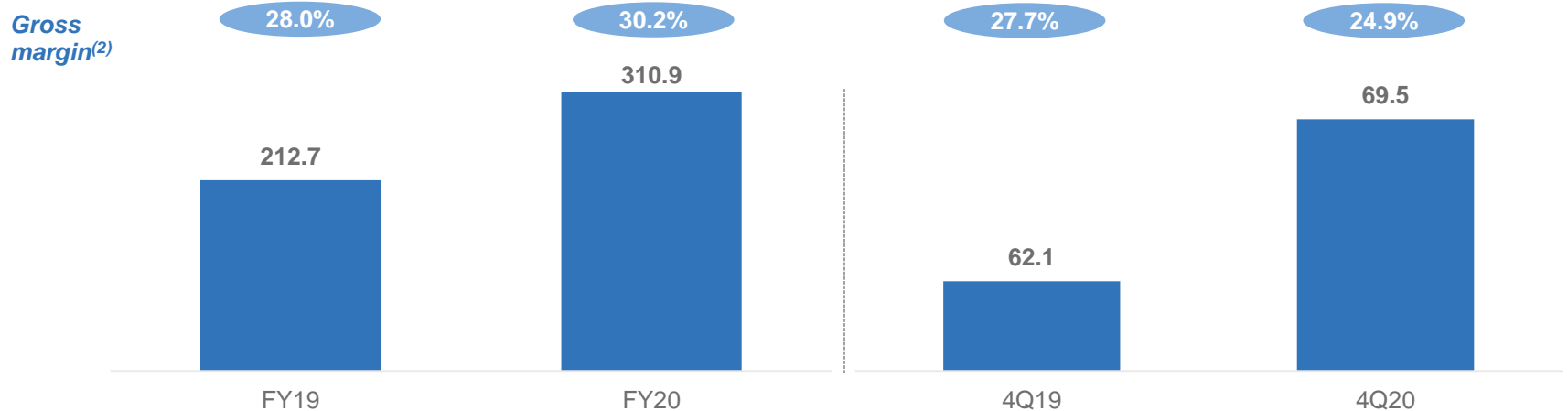
Note: BlueCity's portfolio apps include Blued, LESDO and Finka. We count MAUs of LESDO and Finka into our MAUs, starting from September 2020 and December 2020, respectively, without eliminating duplicates.

Margin Profile and Margin Business

Cost of revenues



Gross profit⁽²⁾



Notes:

- (1) Commission cost consists of processing fee paid to mobile app stores as well as service charges paid to third-party payment platforms
- (2) Gross profit is equal to total revenues adjusted for costs of revenue; gross margin is calculated by dividing gross profit by total revenues
- (3) SBC represents share-based compensation

Operating Efficiency

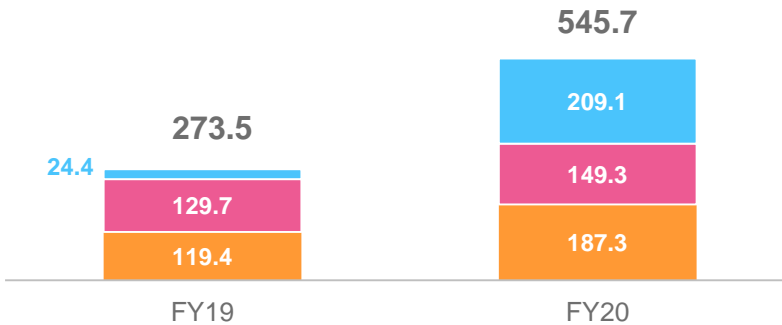
Operating expenses

(RMBMN)

As a % of revenue

36.0%

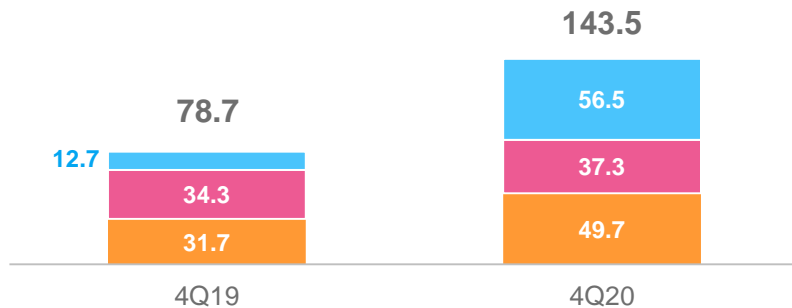
52.9%



As a % of revenue

35.0%

51.5%

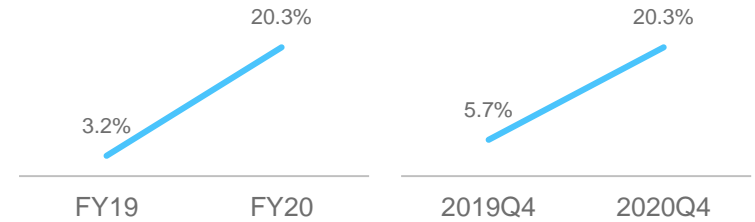


- G&A
- Technology and development
- Selling and marketing

Operating expenses as % of revenues

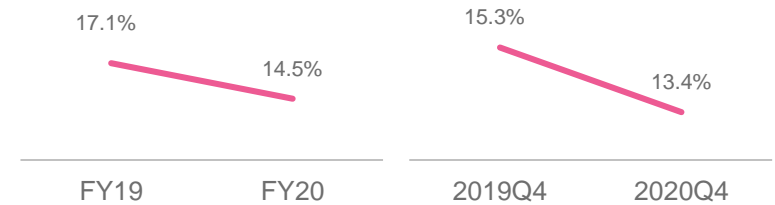
General and administrative expenses

(%)



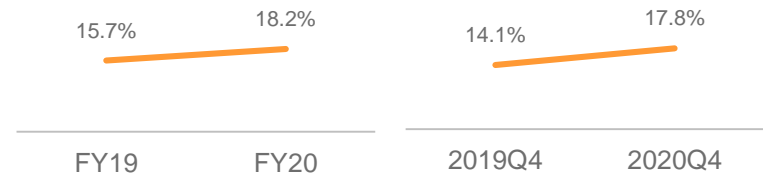
Technology and development expenses

(%)



Selling and marketing expenses

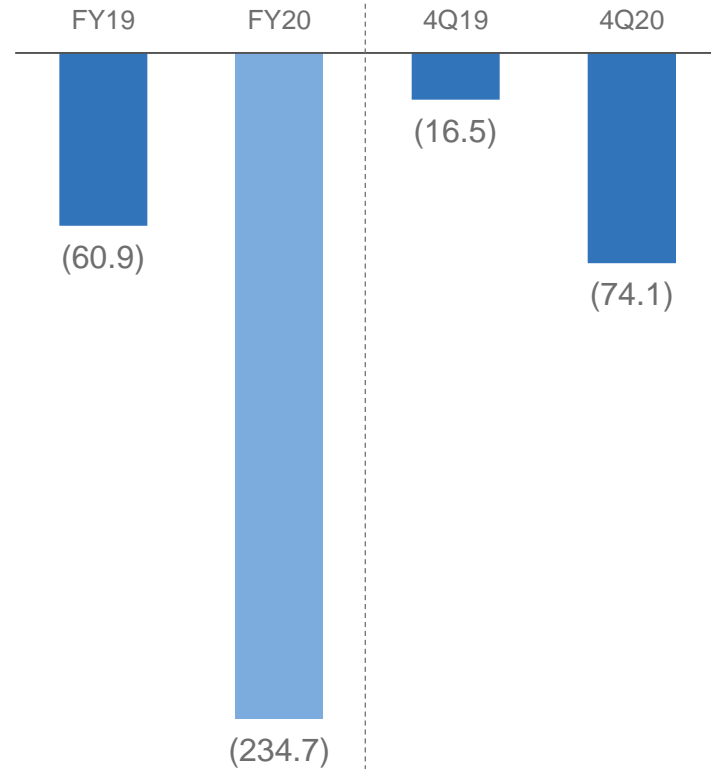
(%)



Continuous improvement in profitability

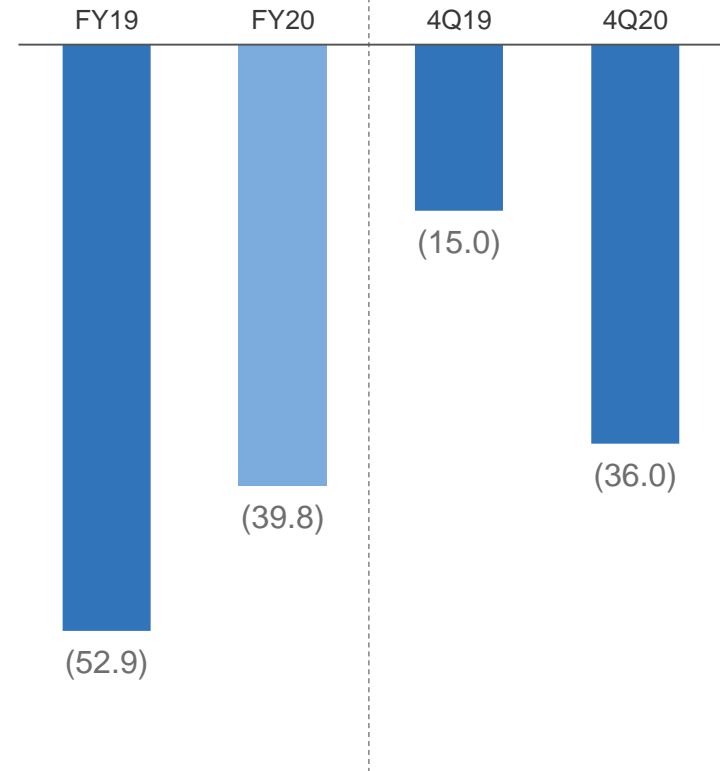
Operating loss

(RMBMN)

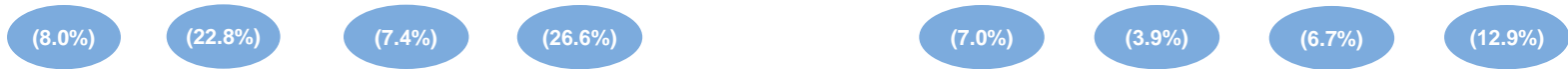


Adjusted net income/(loss)⁽¹⁾

(RMBMN)



As a % of revenue (%)

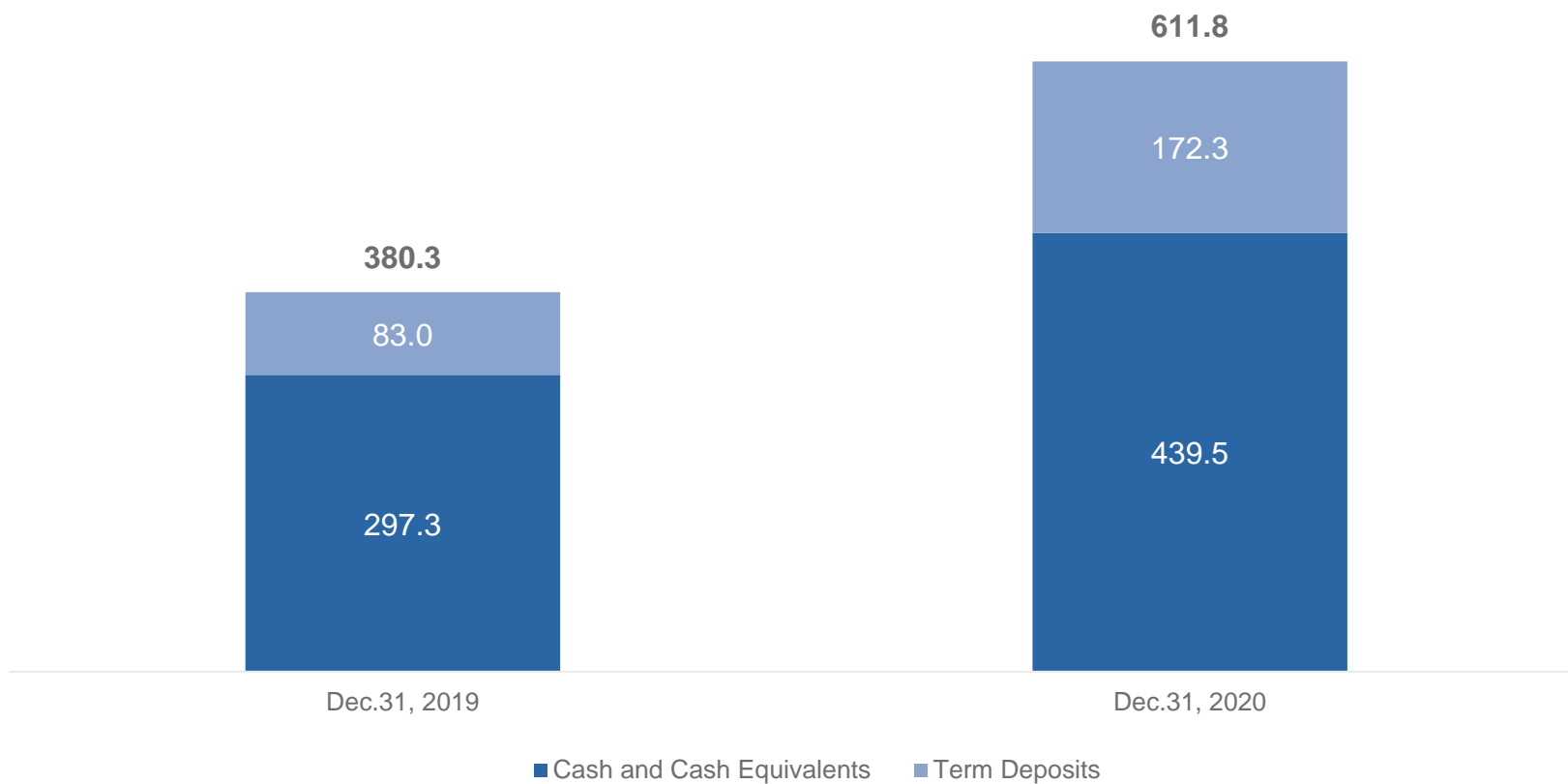


Note:

(1) Adjusted Net Loss represents net loss excluding share-based compensation expenses and changes in fair value of financial instruments.

Cash and Cash Equivalents

(RMBMN)



Consolidated Balance Sheets

	As of December 31, 2019		As of December 31, 2020	
	RMB		RMB	US\$
ASSETS				
Current assets				
Cash and cash equivalents	297,273,822		439,492,788	67,355,217
Term deposits	83,016,780		172,257,360	26,399,595
Accounts receivable, net	1,217,559		5,588,023	856,402
Inventories	-		6,853,202	1,050,299
Prepayments and other current assets	52,485,930		58,629,416	8,985,351
Total current assets	433,994,091		682,820,789	104,646,864
Non-current assets				
Property and equipment, net	7,942,086		11,445,548	1,754,107
Intangible asset, net	-		52,084,512	7,982,301
Investment securities	23,579,048		50,000	7,663
Goodwill	-		196,002,568	30,038,708
Other non-current assets	1,360,429		2,426,128	371,820
Total non-current assets	32,881,563		262,008,756	40,154,599
Total assets	466,875,654		944,829,545	144,801,463

Consolidated Balance Sheets

As of December 31, 2019

As of December 31, 2020

	RMB	RMB	US\$
LIABILITIES			
Current liabilities			
Accounts payable	18,633,876	20,372,680	3,122,250
Deferred revenue	32,555,402	35,226,237	5,398,657
Income tax payable	940,080	2,122,765	325,328
Accrued expenses and other current liabilities	71,768,573	118,958,796	18,231,232
Total current liabilities	123,897,931	176,680,478	27,077,467
Deferred tax liabilities	-	10,954,883	1,678,909
Total liabilities	123,897,931	187,635,361	28,756,376
MEZZANINE EQUITY			
Series A Convertible Preferred Shares	29,751,569	-	-
Series A-1 Redeemable Convertible Preferred Shares	17,959,327	-	-
Series B Redeemable Convertible Preferred Shares	483,612,008	-	-

Consolidated Balance Sheets



	As of December 31, 2019		As of December 31, 2020	
	RMB		RMB	US\$
MEZZANINE EQUITY				
Series C Redeemable Convertible Preferred Shares	327,278,389		-	-
Series C-1 Redeemable Convertible Preferred Shares	258,898,069		-	-
Series D Redeemable Convertible Preferred Shares	612,978,394		-	-
Total mezzanine equity	1,730,477,756		-	-
SHAREHOLDERS' DEFICIT:				
Ordinary shares	3,446		12,018	1,842
Additional paid-in capital	-		2,188,870,625	335,459,100
Accumulated other comprehensive loss	(41,101,943)		(107,514,737)	(16,477,354)
Accumulated deficit	(1,346,401,536)		(1,324,173,722)	(202,938,501)
Total shareholders' deficit	(1,387,500,033)		757,194,184	116,045,087
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	466,875,654		944,829,545	144,801,463

Consolidated Statements of Comprehensive Income



	Three Months Ended December 31,			Years Ended December 31,		
	2019	2020		2019	2020	
	RMB	RMB	US\$	RMB	RMB	US\$
Revenues	224,440,993	278,794,809	42,727,174	758,887,906	1,031,323,444	158,057,233
Cost and expenses:						
Cost of revenues	(162,315,433)	(209,323,409)	(32,080,216)	(546,211,172)	(720,370,586)	(110,401,622)
Selling and marketing expenses	(31,694,521)	(49,678,830)	(7,613,614)	(119,436,794)	(187,281,558)	(28,702,154)
Technology and development expenses	(34,261,935)	(37,347,536)	(5,723,760)	(129,651,820)	(149,255,609)	(22,874,423)
General and administrative expenses	(12,691,690)	(56,536,147)	(8,664,544)	(24,439,169)	(209,086,316)	(32,043,880)
Total cost and expenses	(240,963,579)	(352,885,922)	(54,082,134)	(819,738,955)	(1,265,994,069)	(194,022,079)
Operating loss	(16,522,586)	(74,091,113)	(11,354,960)	(60,851,049)	(234,670,625)	(35,964,846)
Change in fair value of financial instruments	(1,174,920)	-	-	(9,024,437)	4,857,986	744,519
Gain on extinguishment of convertible debt	8,986,048	-	-	8,986,048	-	-
Interest income/(expenses)	2,423,329	(869,372)	(133,237)	8,890,484	6,517,961	998,921
Loss before income taxes	(6,288,129)	(74,960,485)	(11,488,197)	(51,998,954)	(223,294,678)	(34,221,406)
Income tax (expenses)/benefit	(930,554)	1,883,688	288,688	(930,554)	1,441,814	220,968
Net loss	(7,218,683)	(73,076,797)	(11,199,509)	(52,929,508)	(221,852,864)	(34,000,438)

Consolidated Statements of Comprehensive Income



	Three Months Ended December 31,			Years Ended December 31,		
	2019	2020		2019	2020	
	RMB	RMB	US\$	RMB	RMB	US\$
Change in redemption value of Redeemable Convertible Preferred Shares	(136,565,694)	-	-	(631,005,563)	244,080,678	37,407,000
Net income applicable to preferred shareholders	-	-	-	-	(146,866,663)	(22,508,301)
Net loss attributable to ordinary shareholders	(143,784,377)	(73,076,797)	(11,199,509)	(683,935,071)	(124,638,849)	(19,101,739)
Net loss	(7,218,683)	(73,076,797)	(11,199,509)	(52,929,508)	(221,852,864)	(34,000,438)
Other comprehensive loss						
Net unrealized gain on an available-for-sale investment, net of nil income taxes	(433,971)	-	-	1,591,098	(3,406,863)	(522,125)
Foreign currency translation adjustment, net of nil income taxes	20,007,012	(27,700,960)	(4,245,358)	(20,118,769)	(63,005,931)	(9,656,081)
Comprehensive income/(loss)	12,354,358	(100,777,757)	(15,444,867)	(71,457,179)	(288,265,658)	(44,178,644)

GAAP to Non-GAAP Reconciliation



	Three Months Ended December 31,			Years Ended December 31,		
	2019	2020		2019	2020	
	RMB	RMB	US\$	RMB	RMB	US\$
Net loss	(7,218,683)	(73,076,797)	(11,199,509)	(52,929,508)	(221,852,864)	(34,000,438)
Add:						
Share-based compensation expenses	-	37,111,336	5,687,560	-	186,903,430	28,644,204
Cost of revenues	-	972,763	149,082	-	11,698,603	1,792,889
Selling and marketing expenses	-	890,690	136,504	-	16,922,885	2,593,546
Technology and development expenses	-	186,102	28,521	-	16,737,623	2,565,153
General and administrative expenses	-	35,061,781	5,373,453	-	141,544,319	21,692,616
Changes in fair value of financial instruments	1,174,920	-	-	9,024,437	(4,857,986)	(744,519)
Gain on extinguishment of convertible debt	(8,986,048)	-	-	(8,986,048)	-	-
Adjusted net loss	(15,029,811)	(35,965,461)	(5,511,949)	(52,891,119)	(39,807,420)	(6,100,753)