

The background of the slide is a vibrant, multi-colored fabric with a rainbow gradient from purple to red. The fabric has a visible texture and is draped, creating soft folds and shadows. In the top right corner, there is a white rectangular box containing the company logo.

BLUECITY
蓝城兄弟

1Q21 Earnings Presentation

June 2021

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FY21Q1 Financial Highlights

30.7% year-over-year revenue growth
47.8% year-over-year total paying user growth

Total Revenues

Q1 Total revenues RMB271.1 million (US\$41.4 million), an increase of 30.7% from the same period in 2020.

Net Loss

Q1 Net loss was RMB52.1 million (US\$7.9 million), compared with net loss of RMB7.6 million in the first quarter of 2020.

Adjusted Net Income

Q1 Adjusted Net Loss (Non-GAAP) was RMB42.5 million (US\$6.5 million), compared with adjusted net loss of RMB7.6 million in the first quarter of 2020.

Monthly Active Users

Monthly active users (“MAUs”) of BlueCity’s portfolio apps reached 8.3 million, an increase of 37.5% from the same period in 2020.

Total Paying Users

Total paying users of BlueCity’s portfolio apps reached 640 thousand, an increase of 47.8% compared with 433 thousand in the first quarter of 2020.

Health & Wellness



- In April 2021, BlueCity officially obtained an internet hospital license for He Health in Mainland China.
- He Health services have gradually expanded from STDs (including but not limited to HIV) to the field of men's everyday wellness.
- Full roll-out of online internet hospital services is expected in July 2021.

Overseas



- Introduced photo verification features in Blued mobile app in Japan.
- Latin American MAU nearly **DOUBLED** and achieved record high in April after launching promotional campaigns with local KOLs.
- Held a series of online livestream events for international holidays, attracting a global audience and garnering international visibility.

Product Innovation



- In first quarter, new posts and interactions on the community function increased 33% and 42%, respectively a quarter over quarter basis.
- Finka held its annual livestreaming event "Real Me" with renowned live streamers to accelerate brand growth and monetization capacity.

ESG&CSG



- 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.
- BlueCity and UNAIDS launched a jointly produced video entitled "Would You Discriminate against Me?" to tackle discrimination. The video brought in over 1.5 million views and over 10 million interactions on Weibo.
- In April, Danlan Public Interest and Beijing AITA Foundation for Animal Protection jointly launched the "Stray Animals Protection" campaign.

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



Strong user engagement and stickiness driven by sense of belonging

Supported by:

- ✓ Deep understanding of the LGBTQ community
- ✓ Continued product innovation and development
- ✓ Refined operational capabilities

Outstanding user engagement and loyalty - Blued



Average daily sessions per active user

21+ times⁽¹⁾



Average daily time spent on *Blued* per active user

50+ minutes⁽¹⁾



Average next-month retention rate

66.3%⁽²⁾



DAU / MAU on Blued app

44.3%⁽³⁾

Recent Developments:

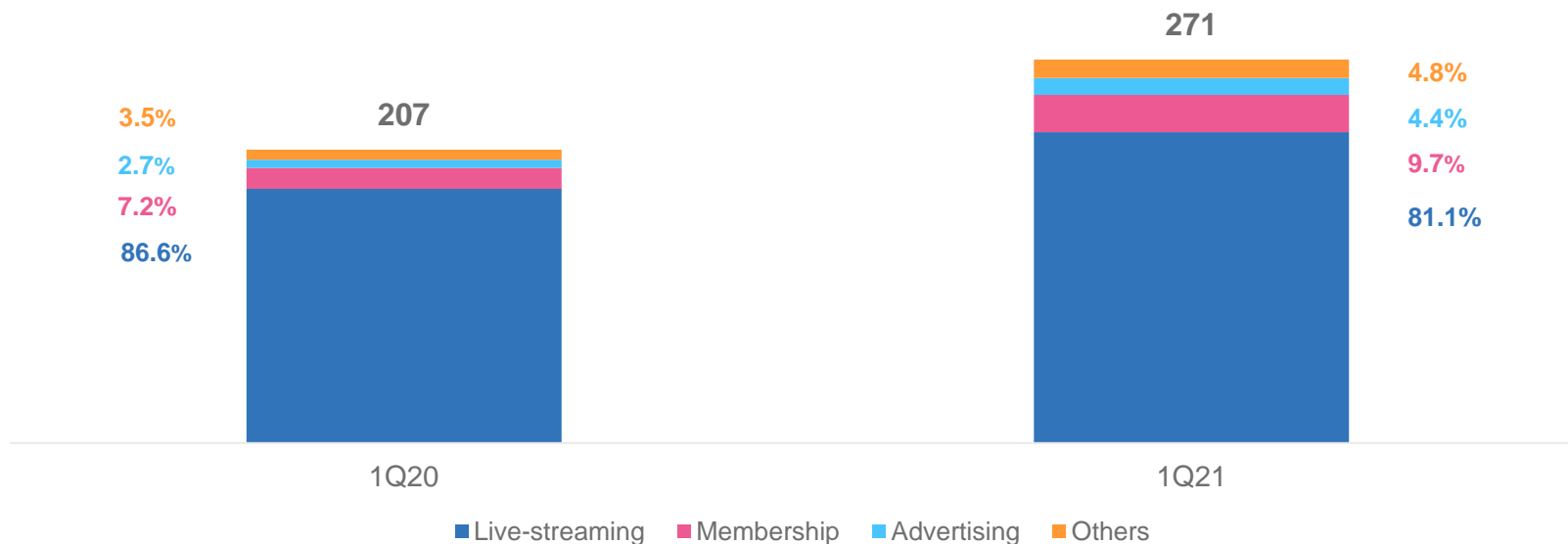
- Introducing a major update to Blued mobile app in Latin America with optional photo verification and a simpler user interface.
- Rolling out an exclusive tailored voice chat room feature in some Asian markets.

Notes:

- (1) Frost & Sullivan report, in 2020
(2) In 2020
(3) Calculated by dividing 1Q2021 average DAU by 1Q2021 average MAU of Blued app

Revenue

(RMBMN)

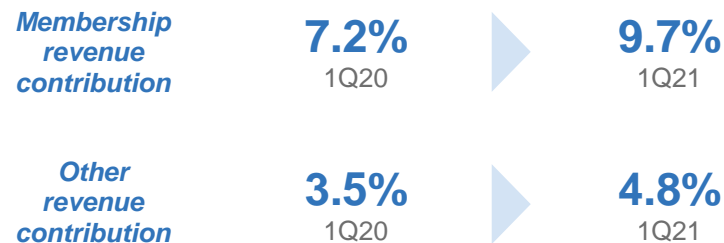


Increasing overseas revenue contribution

Overseas revenue contribution (%)



Increasing membership and other revenue contribution



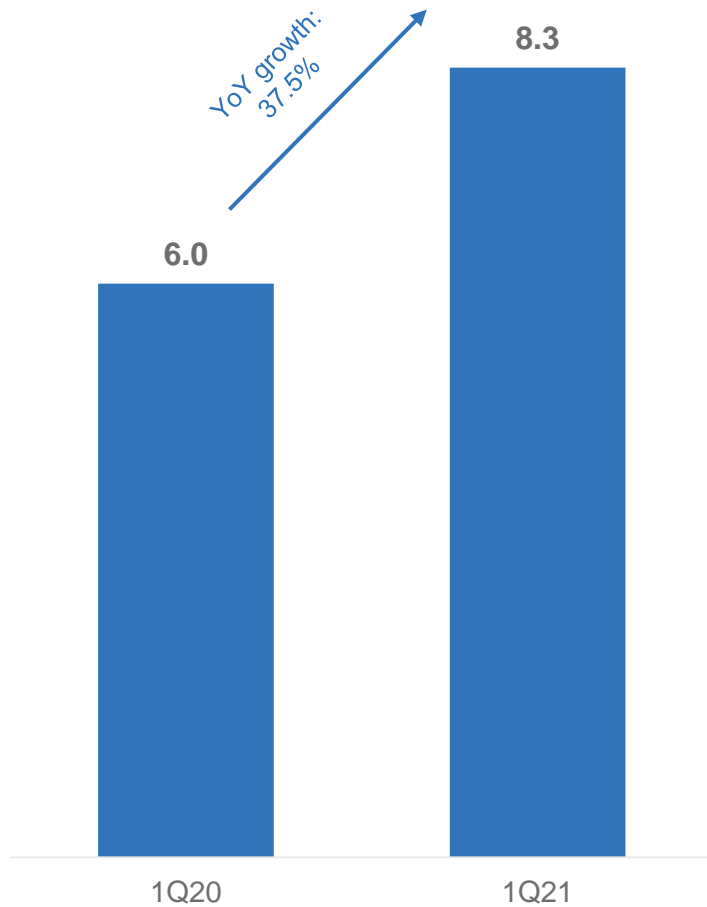
Note:

- (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

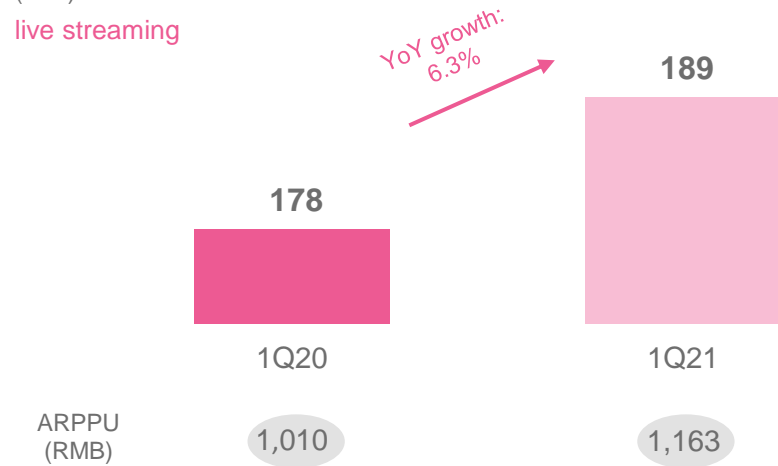
(MN)



Deepening monetization efforts Paying users

('000)

live streaming

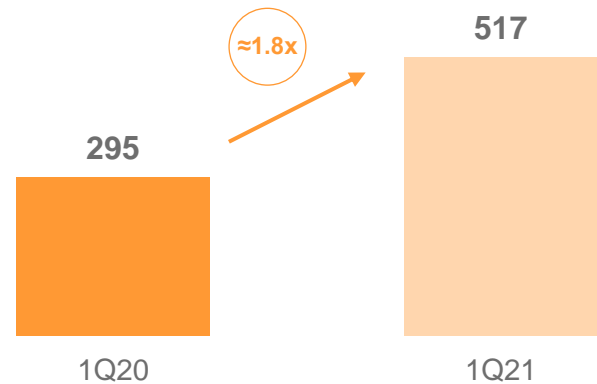


ARPPU
(RMB)

1,010

1,163

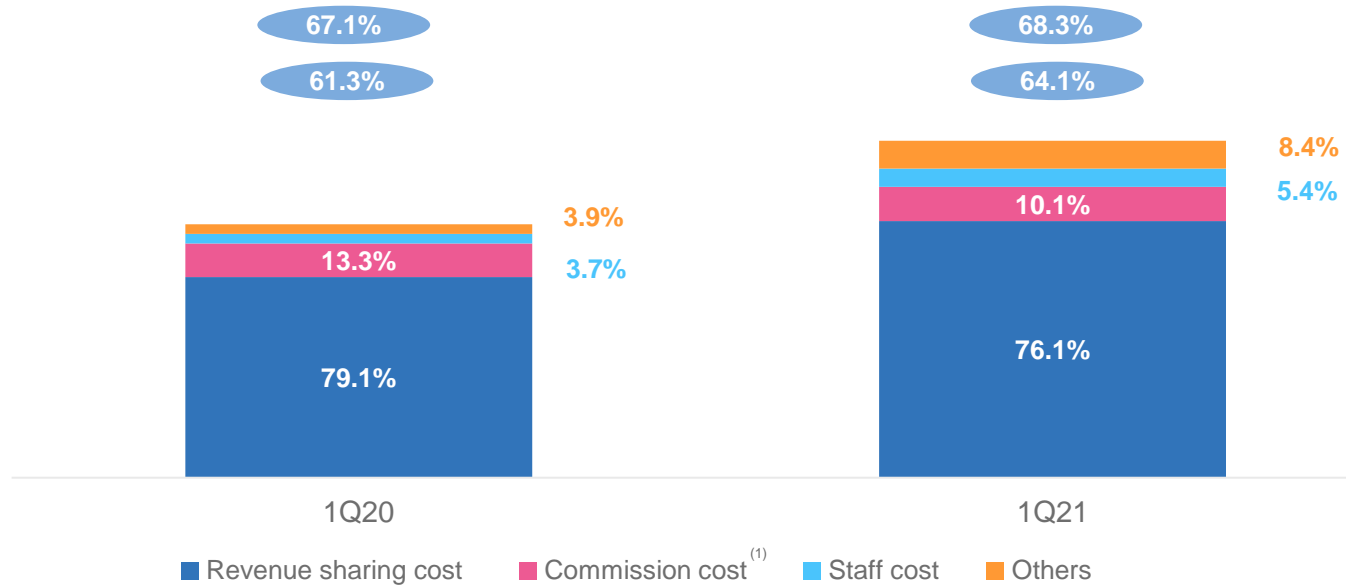
Membership Services



Margin Profile and Margin Business

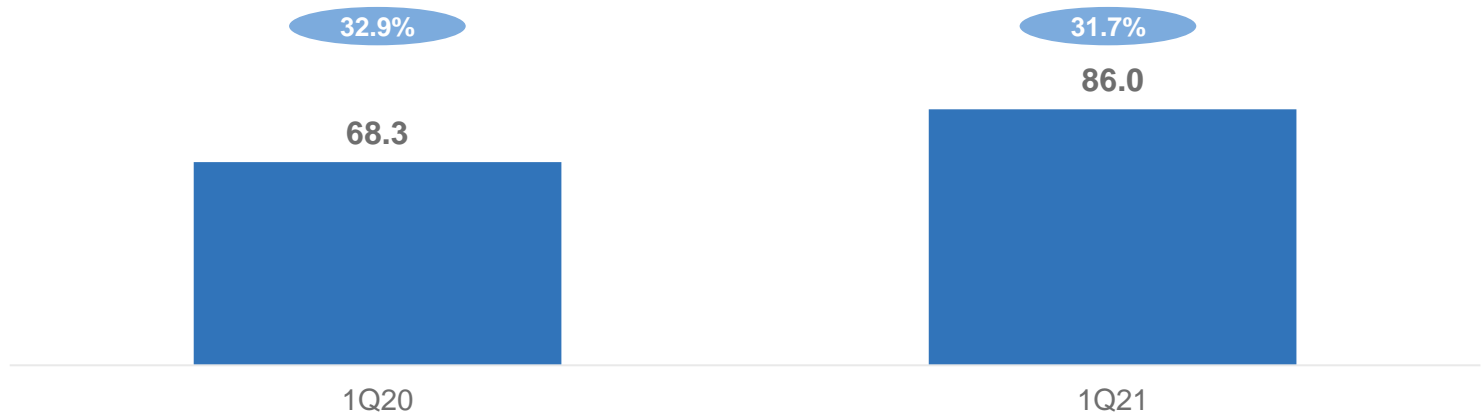
Cost of revenues

% of revenue
Revenue sharing cost as % of live streaming revenue



Gross profit⁽²⁾

Gross margin⁽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

Operating Efficiency

Operating expenses

(RMBMN)

As a % of revenue

37.9%

51.2%

138.7

25.2

48.2

78.7

9.8

30.3

38.6

65.3

1Q20

1Q21

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

Operating expenses as % of revenues

General and administrative expenses

(%)

4.7%

9.3%

1Q20

1Q21

Technology and development expenses

(%)

14.6%

17.8%

1Q20

1Q21

Selling and marketing expenses

(%)

18.6%

24.1%

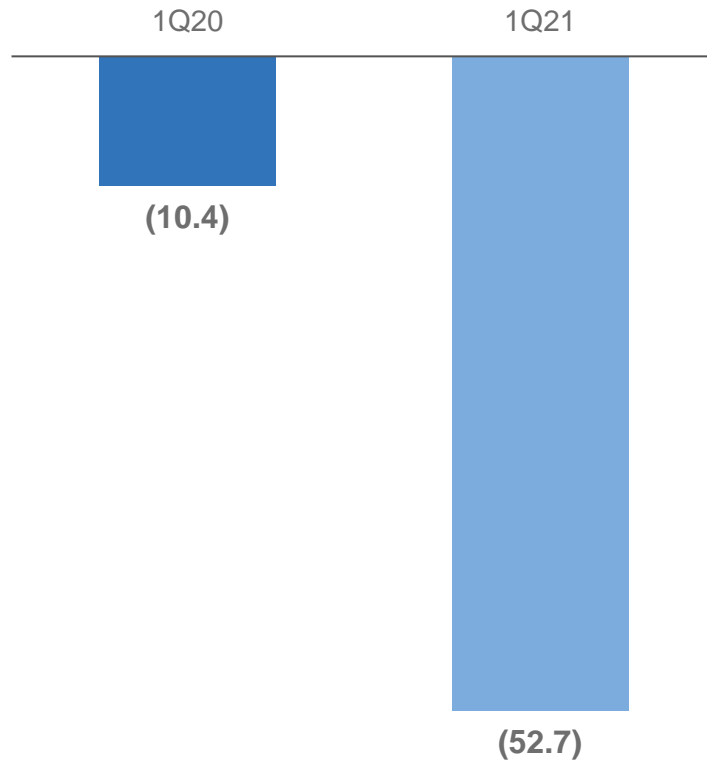
1Q20

1Q21

Profitability

Operating loss

(RMBMN)



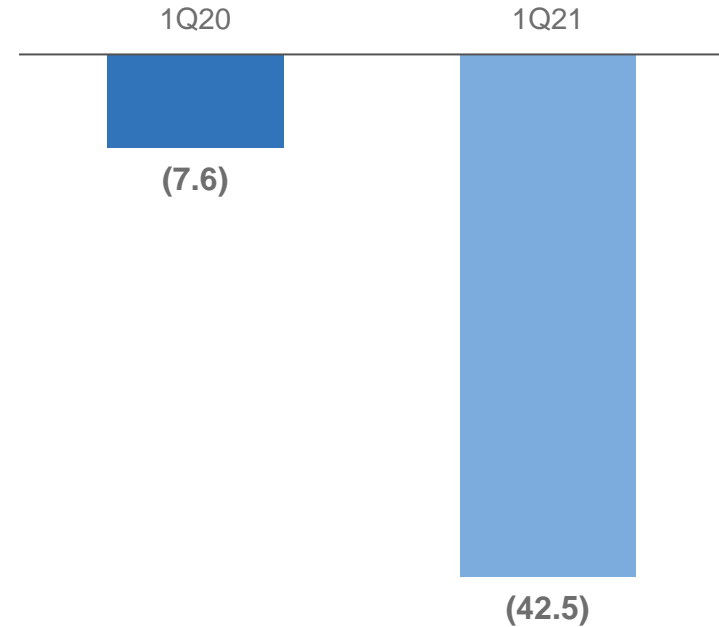
As a % of revenue

(5.0%)

(19.4%)

Adjusted net loss⁽¹⁾

(RMBMN)



(3.7%)

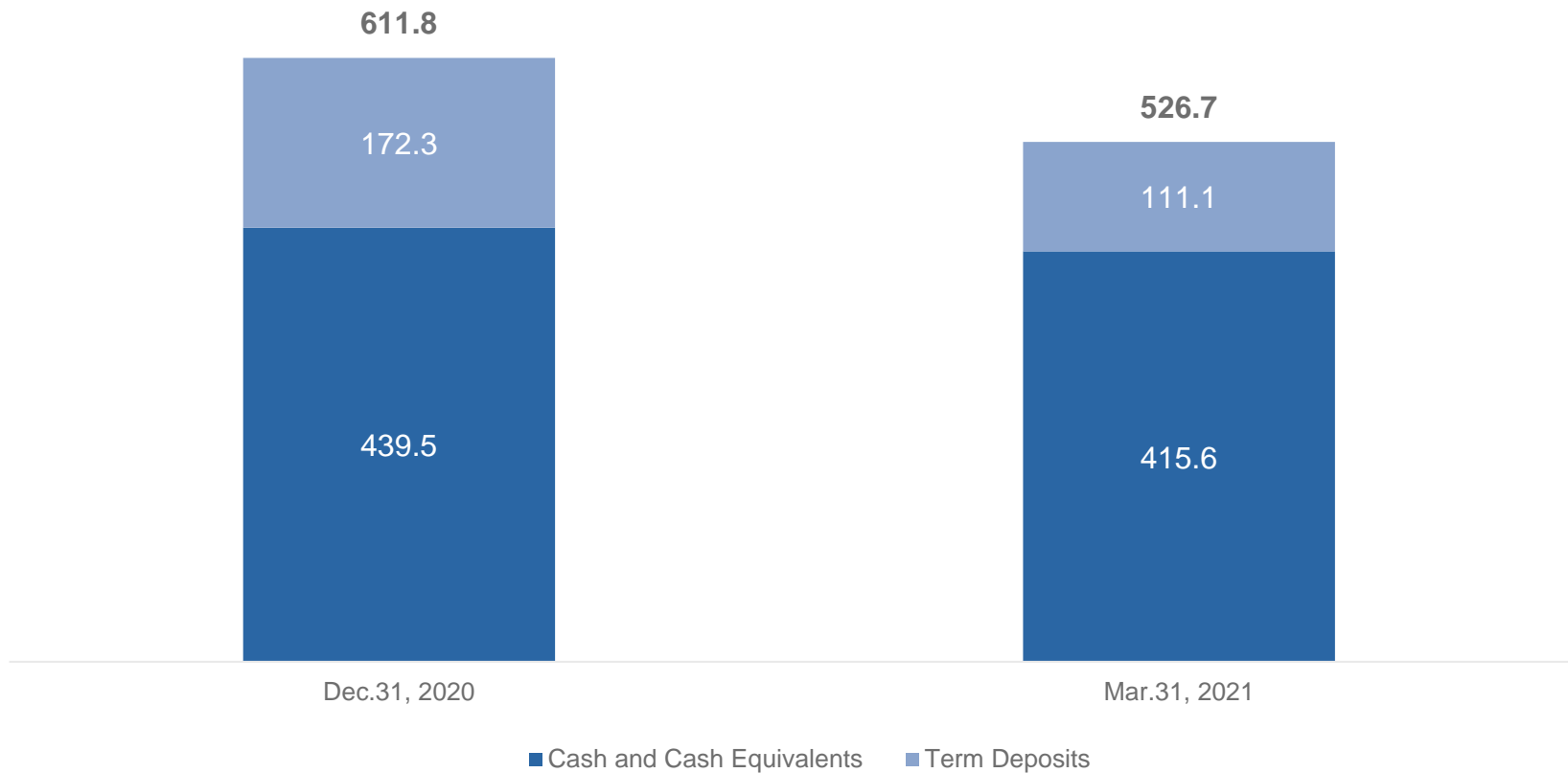
(15.7%)

Note:

(1) Adjusted net loss represents net loss excluding share-based compensation, changes in fair value of financial instruments, and gain on extinguishment of a convertible debt

Cash and Cash Equivalents and Term Deposits

(RMBMN)



Consolidated Balance Sheets

As of December 31, 2020

As of March 31, 2021

RMB

RMB

US\$

ASSETS			
Current assets:			
Cash and cash equivalents	439,492,788	415,614,132	63,435,107
Term deposits	172,257,360	111,054,970	16,950,299
Accounts receivable, net	5,588,023	8,952,150	1,366,365
Inventories	6,853,202	6,665,832	1,017,405
Prepayments and other current assets	58,629,416	79,625,664	12,153,250
Total current assets	682,820,789	621,912,748	94,922,426
Non-current assets:			
Investment securities	50,000	50,000	7,631
Property and equipment, net	11,445,548	12,463,015	1,902,228
Intangible assets, net	52,084,512	50,109,296	7,648,172
Goodwill	196,002,568	195,327,673	29,812,826
Other non-current assets	2,426,128	2,426,128	370,300
Total non-current assets	262,008,756	260,376,112	39,741,157
TOTAL ASSETS	944,829,545	882,288,860	134,663,583

Consolidated Balance Sheets

As of December 31, 2020

As of March 31, 2021

RMB

RMB

US\$

LIABILITIES			
Current liabilities:			
Accounts payable	20,372,680	31,694,195	4,837,479
Deferred revenue	35,226,237	38,698,342	5,906,521
Income tax payable	2,122,765	2,228,810	340,183
Accrued expenses and other current liabilities	118,958,796	84,293,633	12,865,721
Total current liabilities	176,680,478	156,914,980	23,949,904
Non-current liabilities			
Deferred income tax liabilities	10,954,883	10,461,079	1,596,673
Total non-current liabilities	10,954,883	10,461,079	1,596,673
Total liabilities	187,635,361	167,376,059	25,546,577
SHAREHOLDERS' EQUITY:			
Ordinary shares	12,018	12,018	1,834
Additional paid-in capital	2,188,870,625	2,196,927,800	335,316,676
Accumulated other comprehensive loss	(107,514,737)	(105,772,072)	(16,143,971)
Accumulated deficit	(1,324,173,722)	(1,376,254,945)	(210,057,533)
Total shareholders' equity	757,194,184	714,912,801	109,117,006
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	944,829,545	882,288,860	134,663,583

Consolidated Statements of Comprehensive Income



Three Months Ended March 31,

	2020	2021	
	RMB	RMB	US\$
Revenues	207,473,410	271,130,860	41,382,652
Cost and expenses:			
Cost of revenues	(139,213,212)	(185,088,240)	(28,249,983)
Selling and marketing expenses	(38,611,169)	(65,347,729)	(9,974,012)
Technology and development expenses	(30,282,538)	(48,178,024)	(7,353,403)
General and administrative expenses	(9,790,319)	(25,209,424)	(3,847,709)
Total cost and expenses	(217,897,238)	(323,823,417)	(49,425,107)
Operating loss	(10,423,828)	(52,692,557)	(8,042,455)
Change in fair value of financial instruments	(4,883)	-	-
Interest income	2,430,919	209,280	31,942
Loss before income taxes	(7,997,792)	(52,483,277)	(8,010,513)
Income tax benefit	384,714	402,054	61,366
Net loss	(7,613,078)	(52,081,223)	(7,949,147)

Consolidated Statements of Comprehensive Income



	Three Months Ended March 31,		
	2020	2021	
	RMB	RMB	US\$
Accretion and modification of Redeemable Convertible Preferred Shares to redemption value	(20,288,267)	-	-
Net loss available for distribution	(27,901,345)	(52,081,223)	(7,949,147)
Net loss	(7,613,078)	(52,081,223)	(7,949,147)
Other comprehensive loss			
Unrealized gain on an available-for-sale investment, net of nil income taxes	(350,387)	-	-
Foreign currency translation adjustment, net of nil income taxes	(23,159,541)	1,742,665	265,982
Comprehensive loss	(31,123,006)	(50,338,558)	(7,683,165)

Notes to Unaudited Financial Information

Three Months Ended March 31,

	2020	2021	
	RMB	RMB	US\$
Share-based compensation expenses included in:			
—Cost of revenues		855,034	130,504
—Selling and marketing expenses	-	2,703,655	412,658
—Technology and development expenses	-	1,358,971	207,419
—General and administrative expenses	-	3,139,515	479,184
Total	-	8,057,175	1,229,765
Amortization expense related to intangible assets resulting from acquisitions included in:			
—Cost of revenues	-	1,456,376	222,286
—Selling and marketing expenses	-	518,840	79,191
Total	-	1,975,216	301,477

GAAP to Non-GAAP Reconciliation

Three Months Ended March 31,

	2020	2021	
	RMB	RMB	US\$
Net loss	(7,613,078)	(52,081,223)	(7,949,147)
Add:			
Share-based compensation expenses	-	8,057,175	1,229,765
Amortization expense related to intangible assets resulting from acquisitions	-	1,975,216	301,477
Income tax related to intangible assets resulting from acquisitions	-	(493,804)	(75,369)
Changes in fair value of financial instruments	4,883	-	-
Adjusted net loss	(7,608,195)	(42,542,636)	(6,493,274)