

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

BLUECITY
蓝城兄弟

2Q21 Earnings Presentation

August 2021

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FY21Q2 Financial Highlights

18.0% year-over-year revenue growth
58.1% year-over-year total paying user growth

Total Revenues

Q2 Total revenues RMB291.9 million (US\$45.2 million), an increase of 18.0% from the same period in 2020.

Net Loss

Q2 Net loss was RMB35.0 million (US\$5.4 million), compared with net loss of RMB3.3 million in the second quarter of 2020.

Adjusted Net Loss

Q2 Adjusted Net Loss (Non-GAAP) was RMB38.4 million (US\$5.9 million), compared with adjusted net loss of RMB3.0 million in the second quarter of 2020.

Monthly Active Users

Monthly active users (“MAUs”) of BlueCity’s portfolio apps reached 8.3 million, an increase of 29.3% from the same period in 2020.

Total Paying Users

Total paying users of BlueCity’s portfolio apps reached 724 thousand, an increase of 58.1% compared with 458 thousand in the second quarter of 2020.

Health & Wellness



- Launched online consultation services with dozens of renowned doctors from China's top hospitals.
- Extended coverage of the two-hour PEP delivery services from 40 to 55 cities to 100 in China by the end of 2021.
- The number of domestic PrEP orders tripled in the quarter, showing the increasing awareness of HIV protection and the huge demand for affordable PrEP in China.
- Hosted 3 live streaming sessions to boost awareness and knowledge of men's personal health. Each session had over 50,000 participants.

Overseas



- Prohibited screenshots and screen recordings during livestreaming and video calls.
- Allowed users to send photos that can disappear within seconds of being read.
- Introduced the "Private Album" feature to ensure that faces do not appear in the album's public thumbnails and access to the album's photos allowed only when the owner gives individuals viewer authorization.
- App ratings of the Blued mobile app in Latin America increased from 3.9 to 4.4 on Apple store.

Product Innovation



- Upgraded location-based social networking function on Mainland China edition to allow our users to find friends in different cities.
- Rolled out a new monthly service package that allows subscribers to see visitors to their main page and profile on Finka. Paying ratio exceeded 5% within 3 months after launch.
- Introduced a series of new features to protect users identity and privacy on the global edition.

ESG&CSG



- Launched the global #liveyourpride campaign to celebrate Pride 2021. The campaign features an online Pride party on the Blued app, a vibrant rainbow app UI, and extensive local activations in countries across the globe.
- Rolled out a video series called Danlan Psychological Insight, to increase awareness and interest of the mental health issues within sexual minorities.
- Danlan Public Interest will cooperate with established psychological counseling institutions to launch the "100 hour free psychological counseling" project.

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



Livestreaming

- ✓ 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 of Blued app

67.1%⁽²⁾



DAU / MAU on Blued app

45.2%⁽³⁾

Recent Developments:

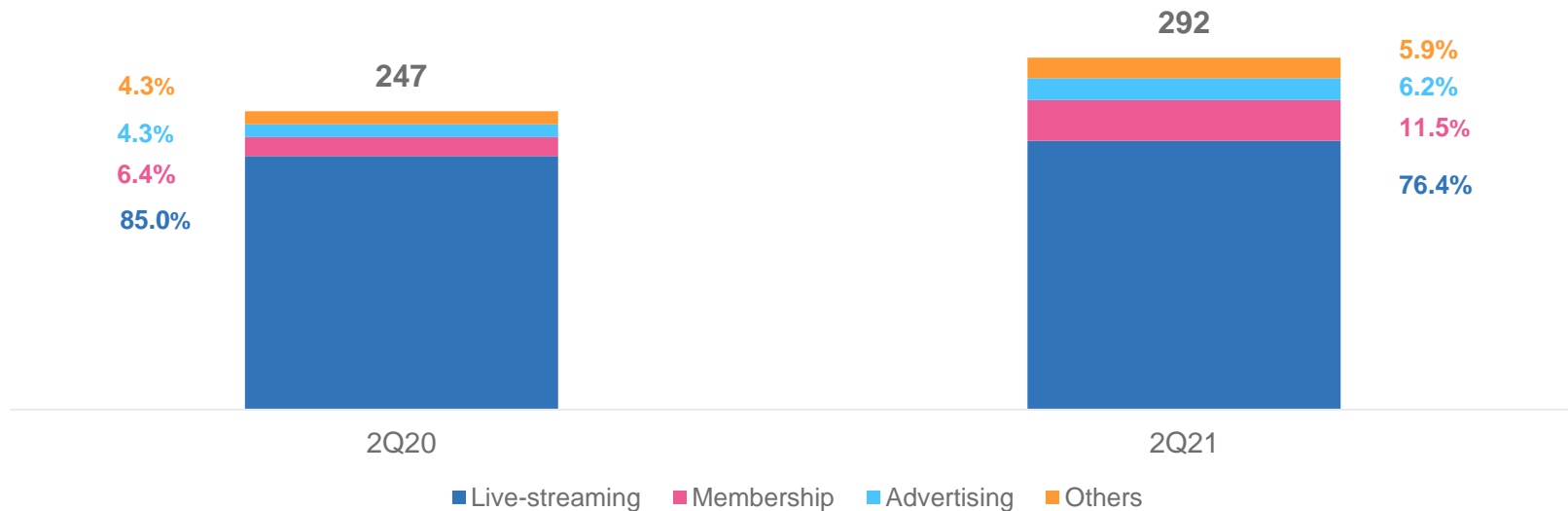
- Upgraded the location-based social networking function on Mainland China edition to allow users to find friends in different cities.
- Introduced a series of new features to protect users identity and privacy on the global edition.

Notes:

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

Revenue

(RMBMN)

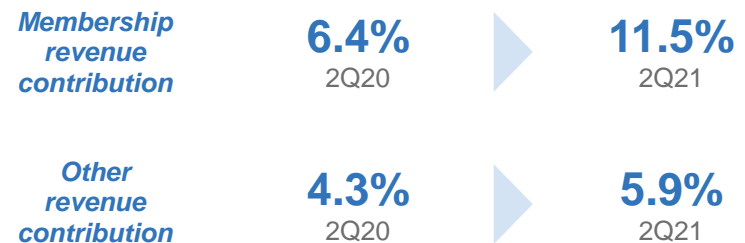


Increasing overseas revenue contribution

Overseas revenue contribution (%)



Increasing membership and other revenue contribution



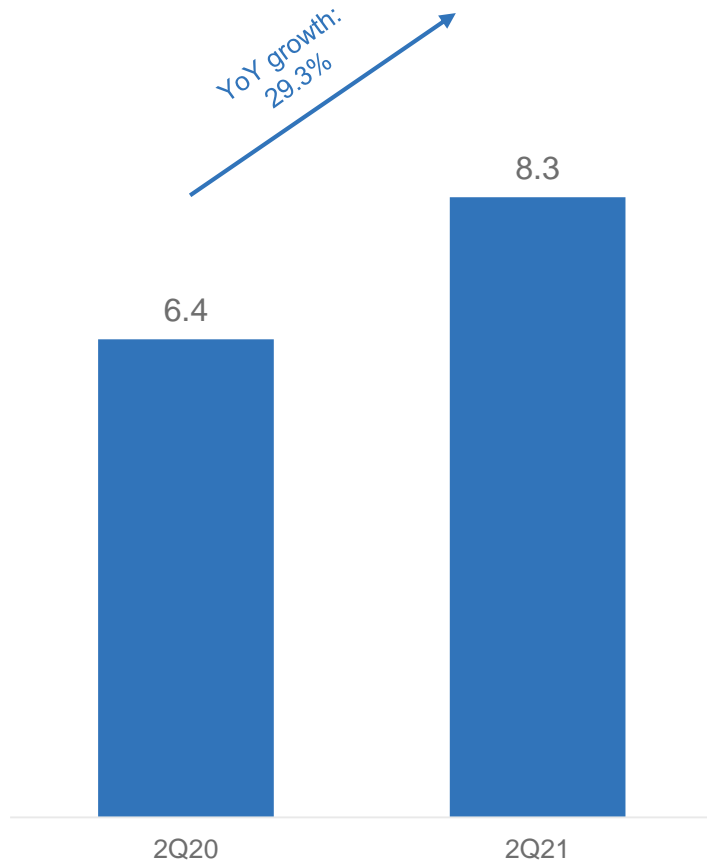
Note:

- (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

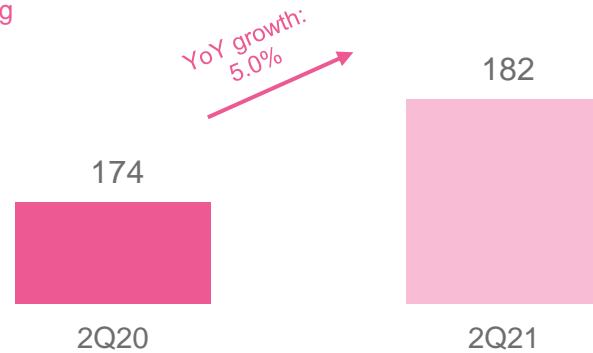
(MN)



Deepening monetization efforts Paying users

('000)

Live Streaming

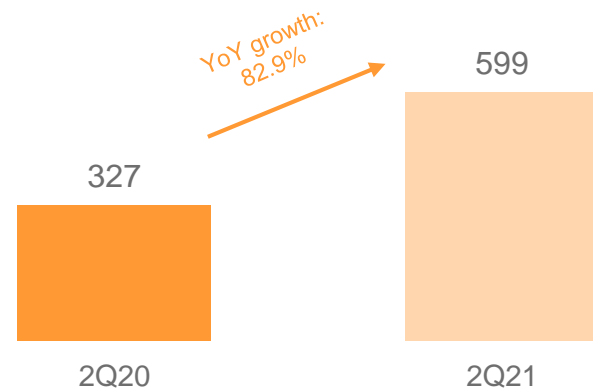


ARPPU
(RMB)

1,211

1,223

Membership Services



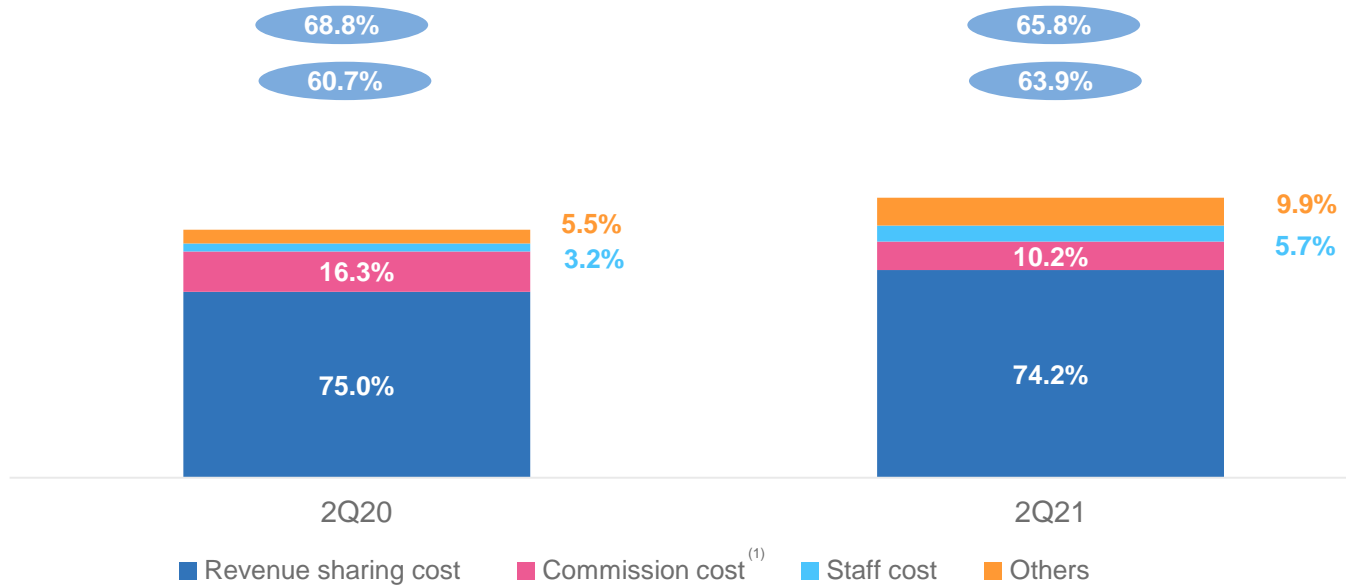
Note: BlueCity's portfolio apps include Blued, LESDO and Finka. We count MAUs of LESDO and Finka into our MAUs, starting from September 2020 and December 2020, respectively, without eliminating duplicates.

Cost of Revenue and Gross Profit

Cost of revenues

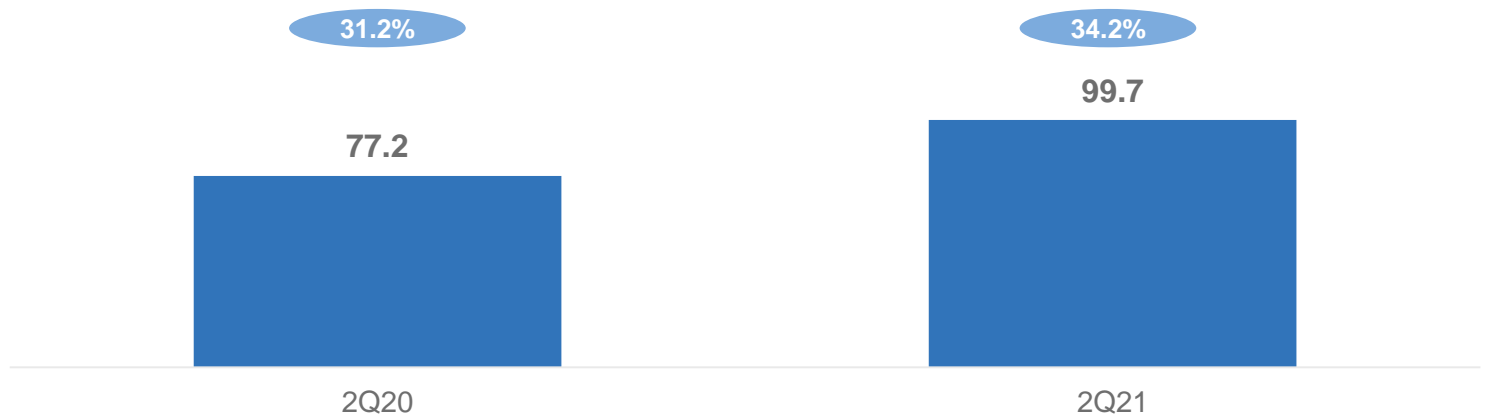
% of revenue

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

33.4%

46.6%

135.9

15.4

82.6

10.3

31.3

41.0

51.6

68.9

2Q20

2Q21

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

Operating expenses as % of revenues

General and administrative expenses

(%)

4.2%

5.3%

2Q20

2Q21

Technology and development expenses

(%)

12.7%

17.7%

2Q20

2Q21

Selling and marketing expenses

(%)

16.6%

23.6%

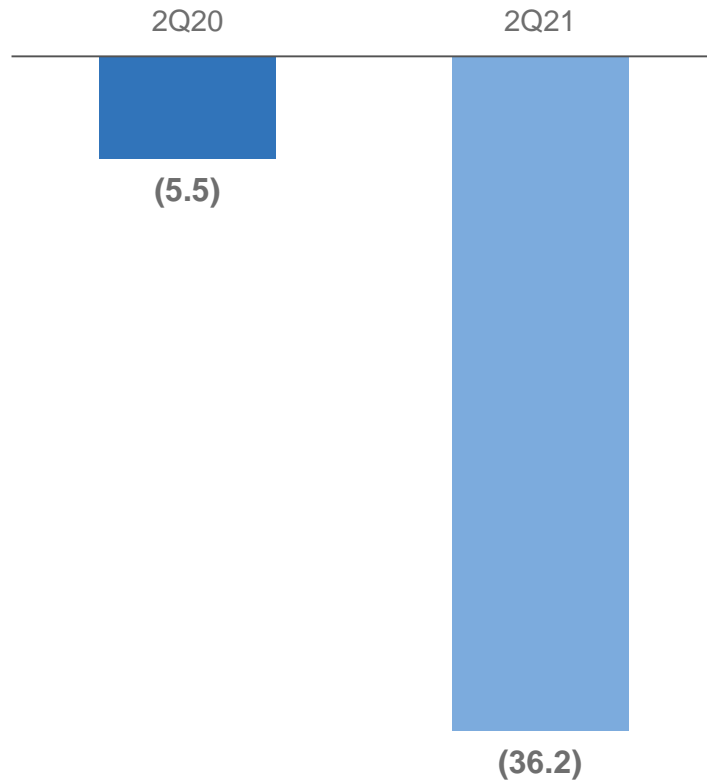
2Q20

2Q21

Profitability

Operating loss

(RMBMN)



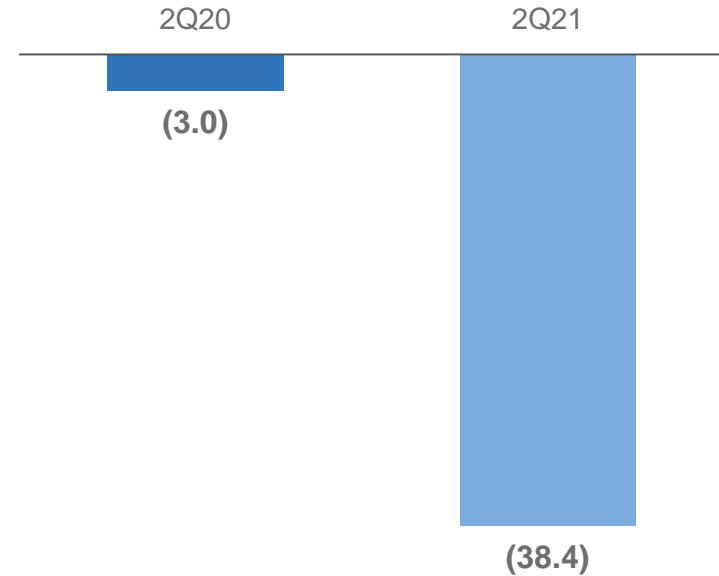
As a % of revenue

(2.2%)

(12.4%)

Adjusted net loss⁽¹⁾

(RMBMN)



(1.2%)

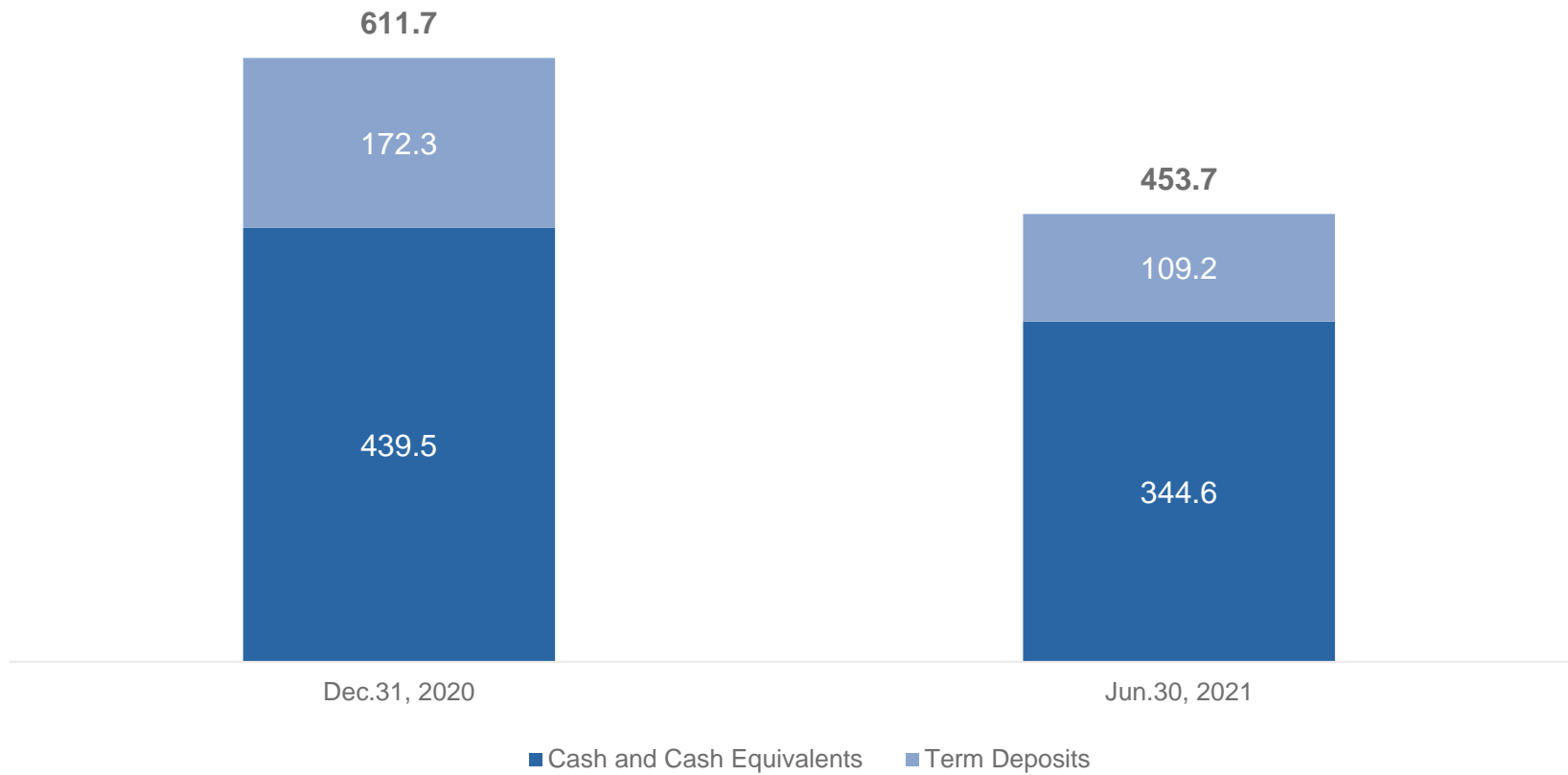
(13.2%)

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 June 30, 2021

RMB

RMB

US\$

ASSETS			
Current assets:			
Cash and cash equivalents	439,492,788	344,556,719	53,365,040
Term deposits	172,257,360	109,175,690	16,909,161
Accounts receivable, net	5,588,023	13,164,831	2,038,973
Inventories	6,853,202	7,225,055	1,119,019
Prepayments and other current assets	58,629,416	112,655,733	17,448,151
Total current assets	682,820,789	586,778,028	90,880,344
Non-current assets:			
Investment securities	50,000	-	-
Property and equipment, net	11,445,548	14,035,175	2,173,772
Intangible assets, net	52,084,512	51,210,732	7,931,532
Goodwill	196,002,568	191,560,426	29,668,932
Other non-current assets	2,426,128	2,446,246	378,875
Total non-current assets	262,008,756	259,252,579	40,153,111
TOTAL ASSETS	944,829,545	846,030,607	131,033,455

Consolidated Balance Sheets

As of December 31, 2020

As of June 30, 2021

RMB

RMB

US\$

LIABILITIES			
Current liabilities:			
Accounts payable	20,372,680	27,578,042	4,271,295
Deferred revenue	35,226,237	37,768,011	5,849,520
Income tax payable	2,122,765	2,517,891	389,972
Accrued expenses and other current liabilities	118,958,796	105,116,854	16,280,526
Total current liabilities	176,680,478	172,980,798	26,791,313
Non-current liabilities			
Deferred income tax liabilities	10,954,883	10,528,316	1,630,629
Total non-current liabilities	10,954,883	10,528,316	1,630,629
Total liabilities	187,635,361	183,509,114	28,421,942
SHAREHOLDERS' EQUITY:			
Ordinary shares	12,018	12,419	1,923
Additional paid-in capital	2,188,870,625	2,191,958,362	339,491,120
Accumulated other comprehensive loss	(107,514,737)	(118,180,124)	(18,303,770)
Accumulated deficit	(1,324,173,722)	(1,411,269,164)	(218,577,760)
Total shareholders' equity	757,194,184	662,521,493	102,611,513
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	944,829,545	846,030,607	131,033,455

Consolidated Statements of Comprehensive Income



Three Months Ended June 30,

	2020	2021	
	RMB	RMB	US\$
Revenues	247,439,121	291,883,490	45,206,996
Cost and expenses:			
Cost of revenues	(170,256,207)	(192,147,582)	(29,759,871)
Selling and marketing expenses	(40,963,706)	(68,908,693)	(10,672,597)
Technology and development expenses	(31,336,233)	(51,568,967)	(7,987,016)
General and administrative expenses	(10,333,962)	(15,436,516)	(2,390,812)
Total cost and expenses	(252,890,108)	(328,061,758)	(50,810,296)
Operating loss	(5,450,987)	(36,178,268)	(5,603,300)
Change in fair value of financial instruments	(387)	-	-
Interest income	1,945,683	737,797	114,270
Loss before income taxes	(3,505,691)	(35,440,471)	(5,489,030)
Income tax benefit	155,928	426,252	66,018
Net loss	(3,349,763)	(35,014,219)	(5,423,012)

Consolidated Statements of Comprehensive Income



	Three Months Ended June 30,		
	2020	2021	
	RMB	RMB	US\$
Reversal of accretion and modification of Redeemable Convertible Preferred Shares to redemption value	264,368,945	-	-
Net income/(loss) available for distribution	261,019,182	(35,014,219)	(5,423,012)
Net loss	(3,349,763)	(35,014,219)	(5,423,012)
Other comprehensive income/(loss)			
Unrealized gain on an available-for-sale investment, net of nil income taxes	1,123,335	-	-
Foreign currency translation adjustment, net of nil income taxes	3,256,853	(12,408,052)	(1,921,763)
Comprehensive income/(loss)	1,030,425	(47,422,271)	(7,344,775)

Notes to Unaudited Financial Information

Three Months Ended June 30,

	2020		2021	
	RMB	RMB	RMB	US\$
Share-based compensation expenses included in:				
—Cost of revenues	-	167,972		26,016
—Selling and marketing expenses	-	1,092,857		169,262
—Technology and development expenses	-	1,255,670		194,478
—General and administrative expenses	-	(7,525,573)		(1,165,563)
Total	-	(5,009,074)		(775,807)
Amortization related to intangible assets resulting from acquisitions included in:				
—Cost of revenues	411,086	1,640,975		254,155
—Selling and marketing expenses	-	518,840		80,358
Total	411,086	2,159,815		334,513

GAAP to Non-GAAP Reconciliation

Three Months Ended June 30,

	2020	2021	
	RMB	RMB	US\$
Net loss	(3,349,763)	(35,014,219)	(5,423,012)
Add:			
Share-based compensation expenses	-	(5,009,074)	(775,807)
Amortization related to intangible assets resulting from acquisitions	411,086	2,159,815	334,513
Income tax related to intangible assets resulting from acquisitions	(102,772)	(539,954)	(83,628)
Changes in fair value of financial instruments	387	-	-
Adjusted net loss	(3,041,062)	(38,403,432)	(5,947,934)