

The background of the slide is a vibrant, multi-colored fabric with diagonal stripes in shades of purple, blue, green, yellow, orange, and red. The fabric has a slight texture and is draped, creating soft folds and highlights.

BLUECITY
蓝城兄弟

3Q21 Earnings Presentation

November 2021

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FY21Q3 Financial Highlights

Total Revenues

Q3 Total revenues reached RMB270.0 million (US\$41.9 million), a decrease of 9.3% from the same period in 2020.

Net Loss

Q3 Net loss was RMB73.8 million (US\$11.5 million), compared with net loss of RMB137.8 million in the third quarter of 2020.

Adjusted Net Loss

Q3 Adjusted Net Loss (Non-GAAP) was RMB62.2 million (US\$9.7 million), compared with adjusted net income of RMB7.3 million in the third quarter of 2020.

Monthly Active Users

Monthly active users (“MAUs”) of BlueCity’s apps reached 7.5 million, an increase of 19.3% from the same period in 2020.

Total Paying Users

Total paying users of BlueCity’s apps reached 776 thousand, an increase of 57.1%, compared with 494 thousand in the third quarter of 2020.

Health & Wellness



- In July, He Health launched online consultation services, with doctors from China's leading hospitals available for consultations on the platform.
- In November, BlueCity launched Mr. Heer, a new consumer health brand dedicated entirely to male personal care and sexual health products, to complement He Health's service offerings.
- In the third quarter, PrEP and PEP sales grew over 30%, compared with the second quarter of this year.

Overseas



- In August, Blued introduced a series of new features, including prohibiting screenshots and screen recordings, to protect user identity and privacy.
- In September, Blued international edition received the TRUSTe Enterprise Privacy Certification from TrustArc, a leader in data privacy management and automation.
- In September, Blued launched "Super Idol", an international talent competition showcasing LGBTQ+ talent in Asia.

Product Innovation



- Introduced a new feature prohibiting screenshots and screen recordings.
- Introduced "Private Album" feature to ensure that faces do not appear in the album's public thumbnails and that viewers can only access the album's photos when given authorization by the owner.
- Provided users with a new feature that can choose to send photos which can disappear within seconds of being read.
- Allowed paid members to replace the app icon with another image.

ESG&CSG



- Celebrated World Mental Health Day on October 10 with a video collaboration under the theme 'Mental Health in an Unequal World' with renowned and openly gay Mexican actor Polo Morin.
- Made donations to organizations dedicated to mental well-being in marginalized groups to provide further support for mental health in all communities.

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

71.3%⁽²⁾



DAU / MAU on Blued app

48.6%⁽³⁾

Recent Developments:

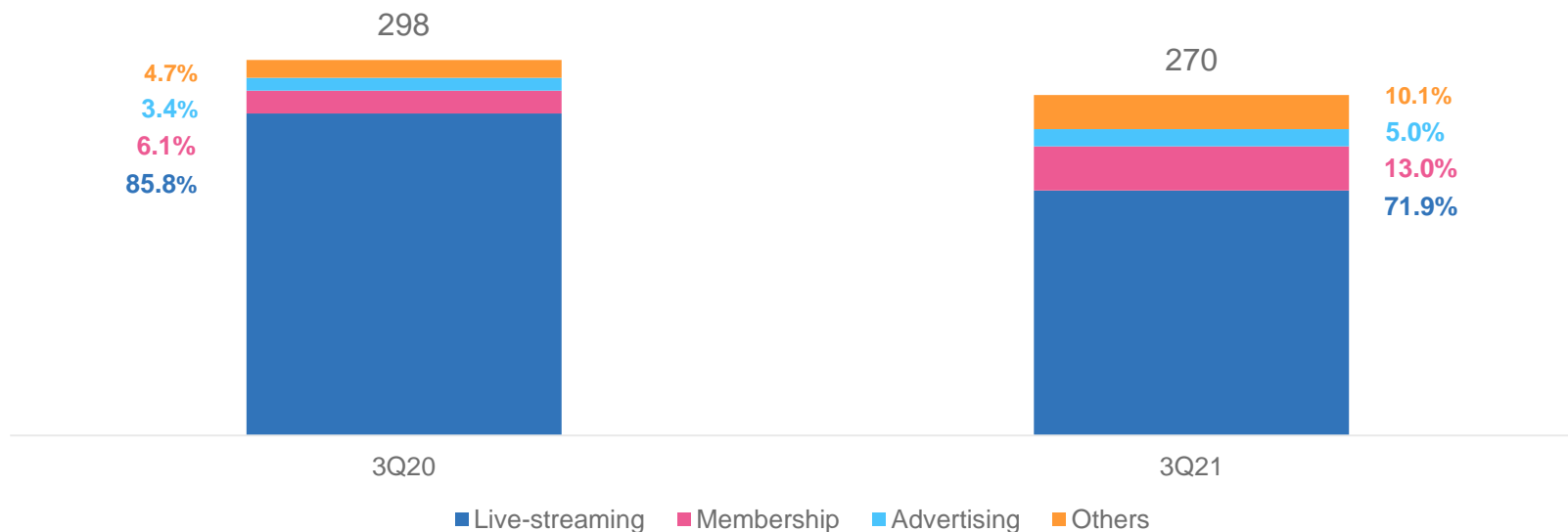
- Introduced a series of new features to protect user identity and privacy on the global edition.
- Blued international edition received the TRUSTe Enterprise Privacy Certification from TrustArc, a leader in data privacy management and automation.
- Blued launched "Super Idol", an international talent competition showcasing LGBTQ+ talent in Asia.

Notes:

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

Revenue

(RMBMN)

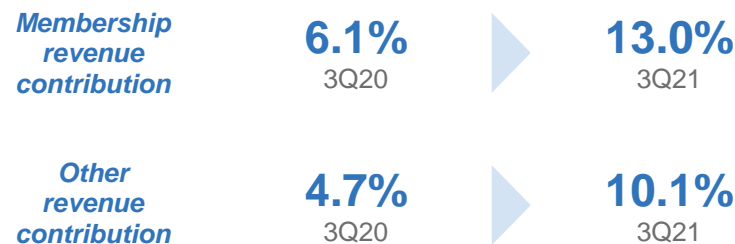


Increasing overseas revenue contribution

Overseas revenue contribution (%)



Increasing membership and other revenue contribution



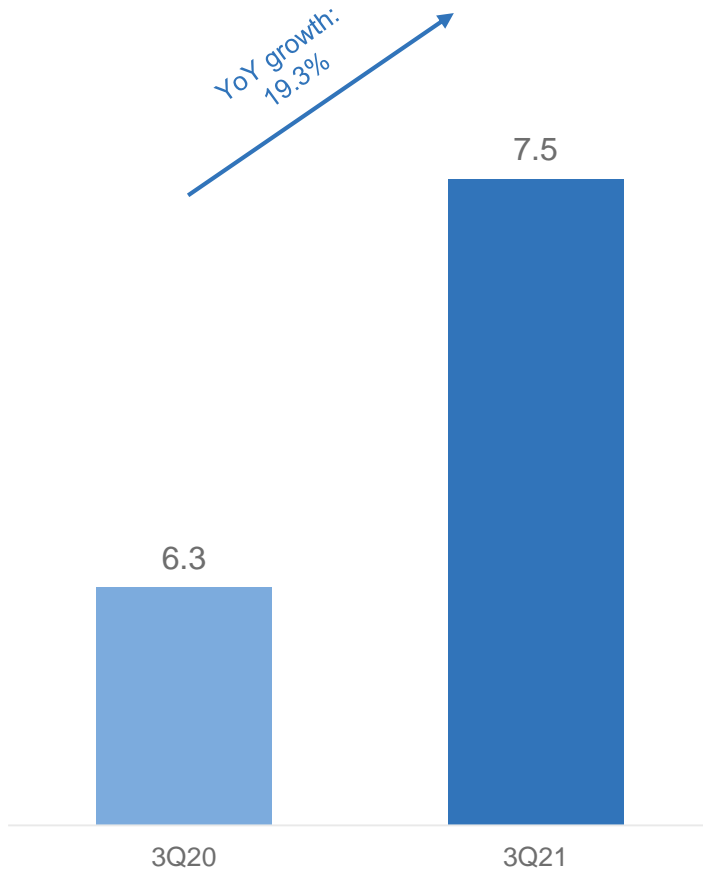
Note:

- (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 Apps

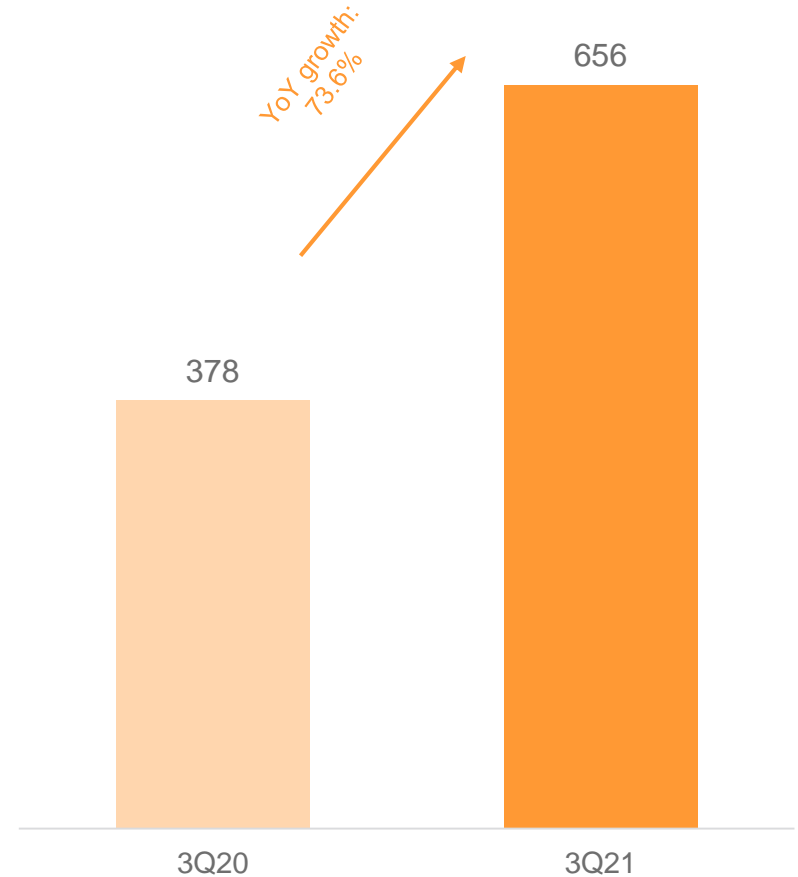
(MN)



Deepening monetization efforts

Membership Services Paying users

('000)

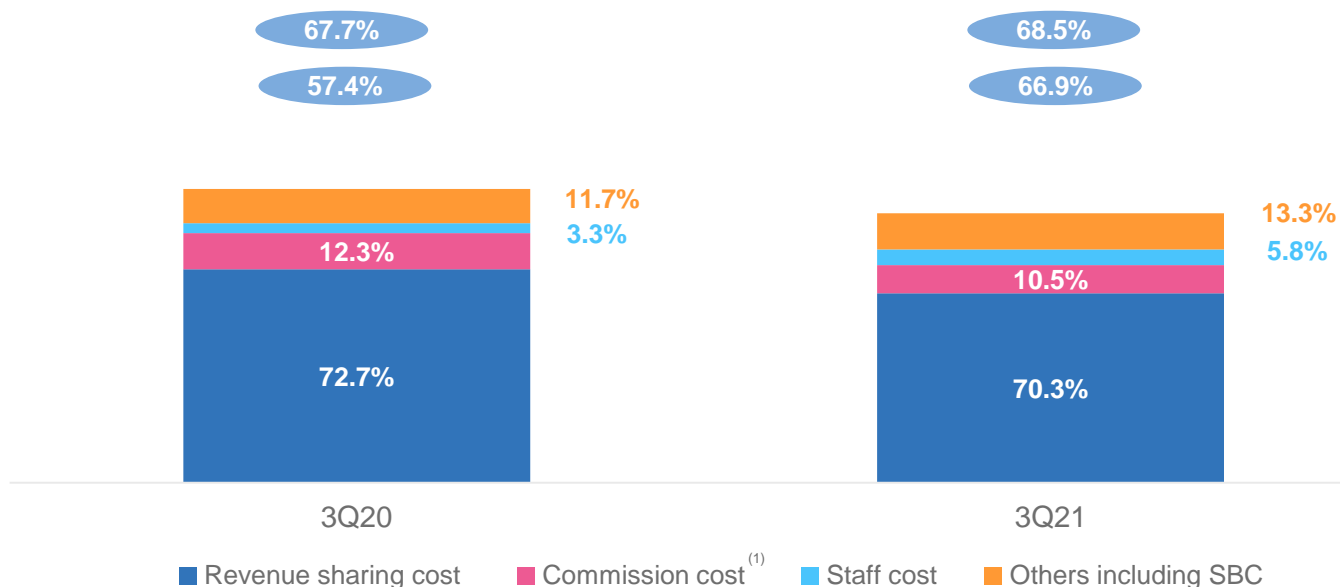


Cost of Revenue and Gross Profit

Cost of revenues

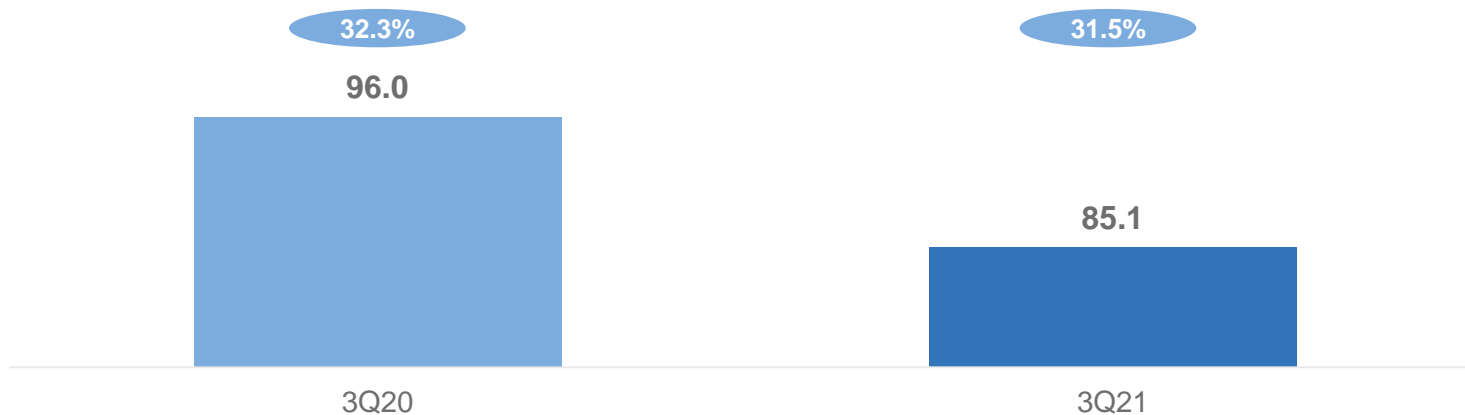
% of revenue

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

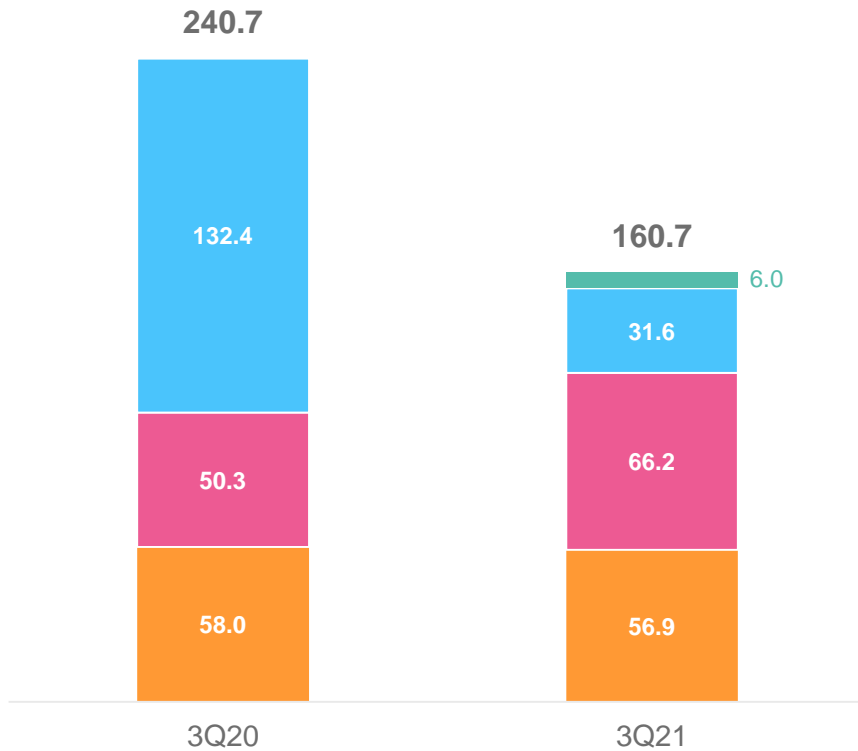
Operating expenses

(RMBMN)

As a % of revenue

80.9%

59.5%

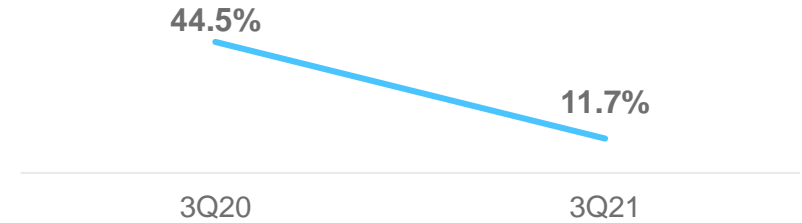


■ G&A ■ Selling and marketing
■ Technology and development ■ Impairment loss on long-live assets

Operating expenses as % of revenues

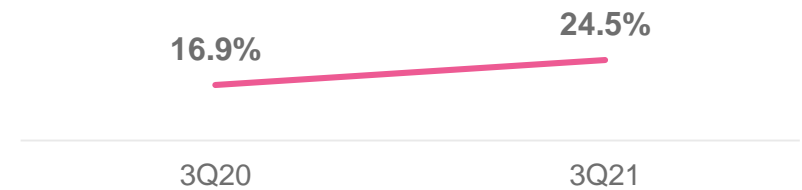
General and administrative expenses

(%)



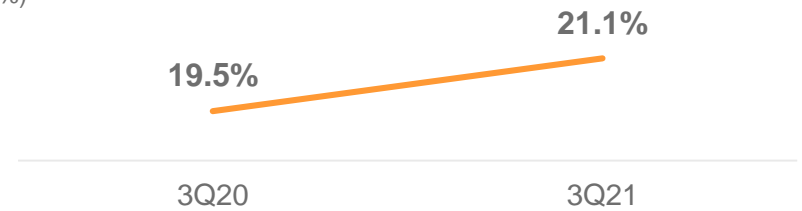
Technology and development expenses

(%)



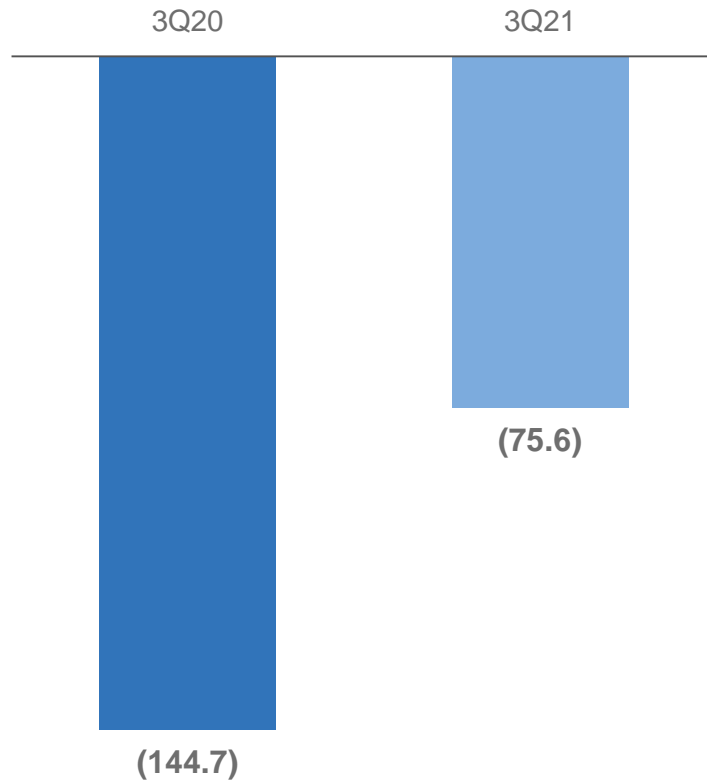
Selling and marketing expenses

(%)



Operating loss

(RMBMN)



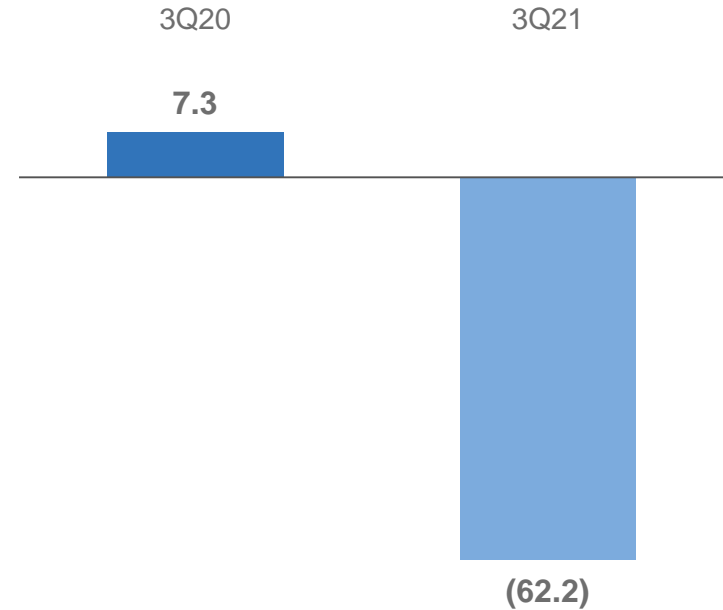
As a % of revenue

(48.6%)

(28.0%)

Adjusted net income/(loss)⁽¹⁾

(RMBMN)



2.4%

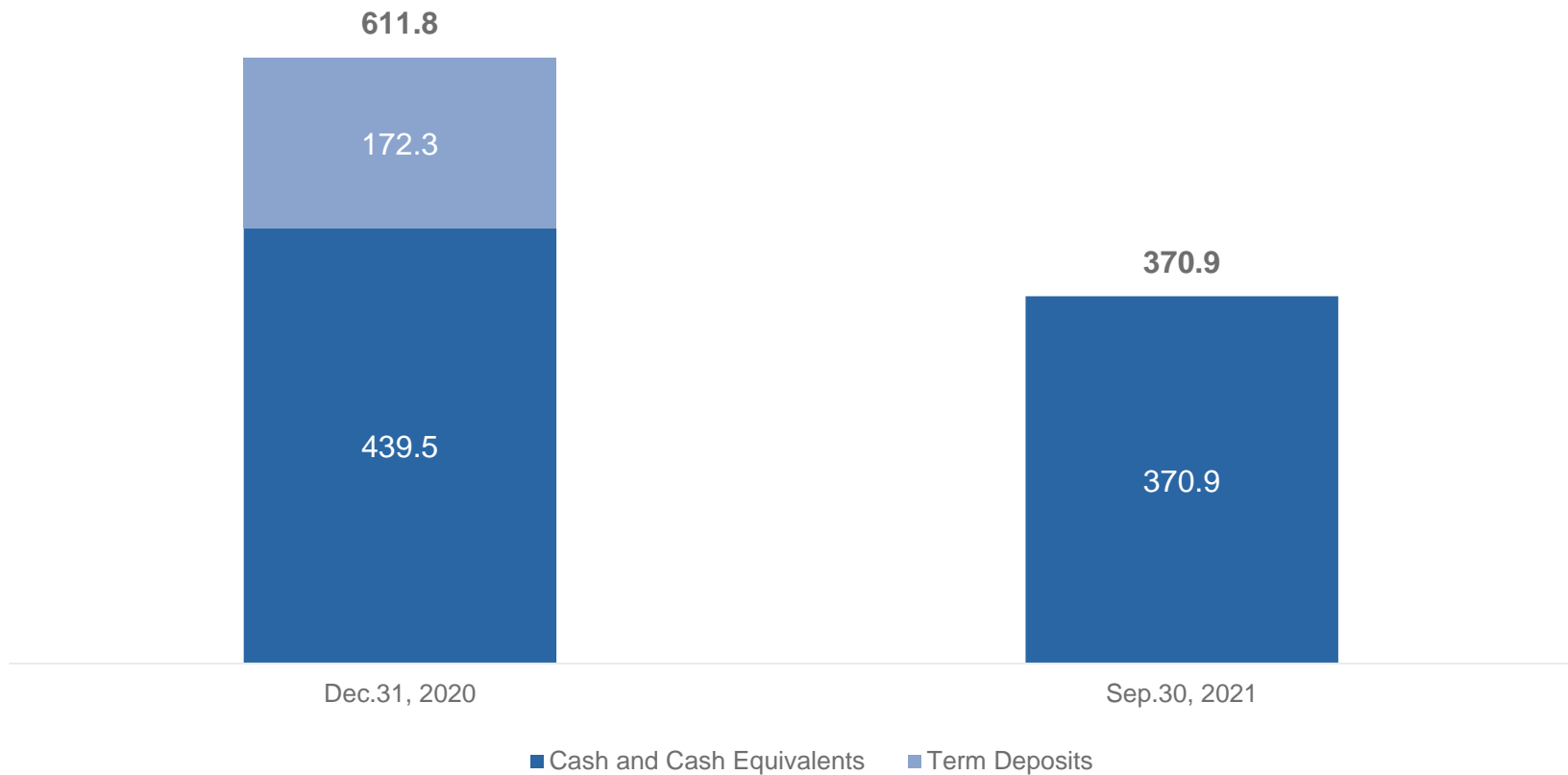
(23.0%)

Note:

(1) Adjusted Net (Loss)/Income represents net (loss)/income excluding share-based compensation expenses, amortization related to intangible assets resulting from acquisitions, income tax related to intangible assets resulting from acquisitions, impairment of goodwill and intangible assets, and changes in fair value of financial instruments.

Cash and Cash Equivalents and Term Deposits

(RMBMN)



Consolidated Balance Sheets

	As of December 31, 2020		As of September 30, 2021	
	RMB		RMB	US\$

ASSETS				
Current assets:				
Cash and cash equivalents	439,492,788		370,855,461	57,555,865
Term deposits	172,257,360		-	-
Accounts receivable, net	5,588,023		19,832,980	3,078,030
Inventories	6,853,202		4,111,343	638,070
Prepayments and other current assets	58,629,416		165,162,994	25,632,895
Total current assets	682,820,789		559,962,778	86,904,860
Non-current assets:				
Investment securities	50,000		-	-
Property and equipment, net	11,445,548		13,092,247	2,031,885
Intangible assets, net	52,084,512		46,135,917	7,160,182
Goodwill	196,002,568		189,362,619	29,388,618
Other non-current assets	2,426,128		4,235,571	657,350
Total non-current assets	262,008,756		252,826,354	39,238,035
TOTAL ASSETS	944,829,545		812,789,132	126,142,895

Consolidated Balance Sheets

As of December 31, 2020

As of September 30, 2021

RMB

RMB

US\$

LIABILITIES			
Current liabilities:			
Accounts payable	20,372,680	36,336,582	5,639,349
Deferred revenue	35,226,237	32,668,643	5,070,094
Income tax payable	2,122,765	2,111,679	327,727
Accrued expenses and other current liabilities	118,958,796	141,411,697	21,946,752
Total current liabilities	176,680,478	212,528,601	32,983,922
Non-current liabilities			
Deferred income tax liabilities	10,954,883	9,598,327	1,489,637
Total non-current liabilities	10,954,883	9,598,327	1,489,637
Total liabilities	187,635,361	222,126,928	34,473,559
SHAREHOLDERS' EQUITY:			
Ordinary shares	12,018	12,527	1,944
Additional paid-in capital	2,188,870,625	2,196,010,001	340,815,408
Accumulated other comprehensive loss	(107,514,737)	(120,260,691)	(18,664,167)
Accumulated deficit	(1,324,173,722)	(1,485,099,633)	(230,483,849)
Total shareholders' equity	757,194,184	590,662,204	91,669,336
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	944,829,545	812,789,132	126,142,895

Consolidated Statements of Comprehensive Loss



Three Months Ended September 30,

	2020	2021	
	RMB	RMB	US\$
Revenues	297,616,104	269,995,853	41,902,699
Cost and expenses:			
Cost of revenues	(201,577,758)	(184,879,425)	(28,692,837)
Selling and marketing expenses	(58,027,853)	(56,938,519)	(8,836,720)
Technology and development expenses	(50,289,302)	(66,164,083)	(10,268,505)
General and administrative expenses	(132,425,888)	(31,645,475)	(4,911,301)
Impairment of goodwill and intangible assets	-	(5,969,923)	(926,518)
Total cost and expenses	(442,320,801)	(345,597,425)	(53,635,881)
Operating loss	(144,704,697)	(75,601,572)	(11,733,182)
Change in fair value of financial instruments	4,863,256	-	-
Interest income	3,010,731	427,541	66,353
Loss before income taxes	(136,830,710)	(75,174,031)	(11,666,829)
Income tax (expenses)/benefit	(982,516)	1,343,562	208,518
Net loss	(137,813,226)	(73,830,469)	(11,458,311)

Consolidated Statements of Comprehensive Loss

	Three Months Ended September 30,		
	2020	2021	
	RMB	RMB	US\$
Reversal of accretion and modification of Redeemable Convertible Preferred Shares to redemption value	-	-	-
Net (loss)/income available for distribution	(137,813,226)	(73,830,469)	(11,458,311)
Net loss	(137,813,226)	(73,830,469)	(11,458,311)
Other comprehensive loss			
Unrealized loss on an available-for-sale investment, net of nil income taxes	(4,179,811)	-	-
Foreign currency translation adjustment, net of nil income taxes	(15,402,283)	(2,080,567)	(322,899)
Comprehensive loss	(157,395,320)	(75,911,036)	(11,781,210)

Notes to Unaudited Financial Information

Three Months Ended September 30,

2020

2021

RMB

RMB

US\$

	2020	2021	
	RMB	RMB	US\$
Share-based compensation expenses included in:			
—Cost of revenues	10,725,841	570,971	88,613
—Selling and marketing expenses	16,032,195	1,423,111	220,863
—Technology and development expenses	16,551,521	1,260,803	195,674
—General and administrative expenses	106,482,538	782,002	121,365
Total	149,792,095	4,036,887	626,515
Amortization related to intangible assets resulting from acquisitions included in:			
—Cost of revenues	205,543	1,640,975	254,675
—Selling and marketing expenses	-	518,840	80,523
Total	205,543	2,159,815	335,198

GAAP to Non-GAAP Reconciliation

	Three Months Ended September 30,		
	2020	2021	
	RMB	RMB	US\$
Net loss	(137,813,226)	(73,830,469)	(11,458,311)
Add:			
Share-based compensation expenses	149,792,095	4,036,887	626,515
Amortization related to intangible assets resulting from acquisitions	205,543	2,159,815	335,198
Income tax related to intangible assets resulting from acquisitions	(51,386)	(539,954)	(83,800)
Impairment of goodwill and intangible assets	-	5,969,923	926,518
Changes in fair value of financial instruments	(4,863,256)	-	-
Adjusted net income/(loss)	7,269,770	(62,203,798)	(9,653,880)