

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

3Q20 Earnings Presentation

December 2020

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FY20Q3 Financial Highlights

47.3% year-over-year revenue growth
43.8% year-over-year total paying user growth
Reported first quarterly adjusted net income of RMB7.1 million (US\$1.0 million)
Completed acquisition of Finka, a leading Chinese gay social networking app

Total Revenues

Total revenues reached RMB297.6 million (US\$43.8 million), an increase of 47.3% from the same period in 2019

Net Loss

Net loss was RMB137.8 million (US\$20.3 million), compared with net loss of RMB7.1 million in the third quarter of 2019

Adjusted Net Income

Adjusted Net Income (Non-GAAP) was RMB7.1 million (US\$1.0 million), compared with adjusted net loss of RMB6.5 million in the third quarter of 2019.

Monthly Active Users

Monthly active users (“MAUs”) on the *Blued* mobile app reached 6.3 million, an increase of 7.0% from the same period in 2019

Total Paying Users

Total paying users on the *Blued* mobile app reached 494 thousand, an increase of 43.8% compared with 344 thousand in the third quarter of 2019

Acquisition



- 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 September 2020, the Finka app had approximately 3 million registered users, with average monthly active users and daily active users about one tenth (1/10) of Blued.

Overseas



- Introduced a major update to its Blued mobile app in Latin America with optional photo verification and a simpler user interface.
- Rolled out an exclusive tailored voice chat room feature in some Asian markets.
- Both MAU and DAU in some major countries **increasing 40%** compared to the pre-launch

Product Innovation



- Introduced the “community” feature on the China version of Blued where users can join a variety of affinity groups and better engage with a like-minded community.
- 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. MAU in November **increased by 1.2 times** since the acquisition.

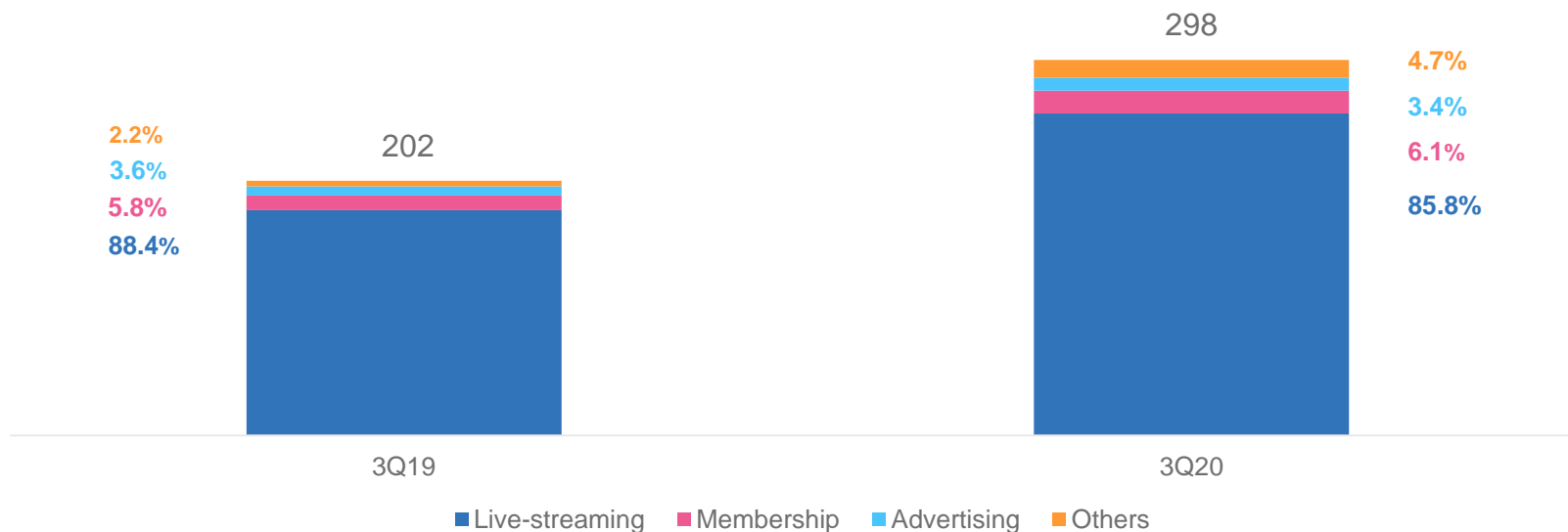
ESG&CSG



- Pledged to donate **one million** yuan to further carry out HIV-prevention education and control in the lead-up World AIDS day.
- Worked with a wide range of governmental, academia and corporate partners to conduct HIV-related research and studies.

Revenue

(RMBMN)

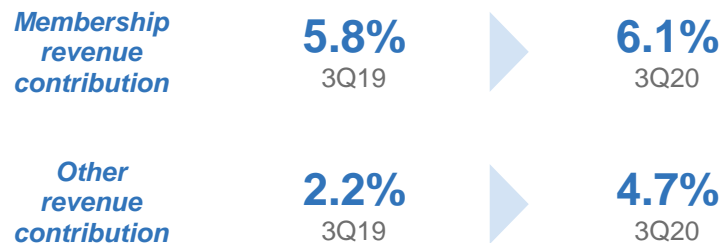


Increasing overseas revenue contribution

Overseas revenue contribution (%)



Increasing membership and other revenue contribution

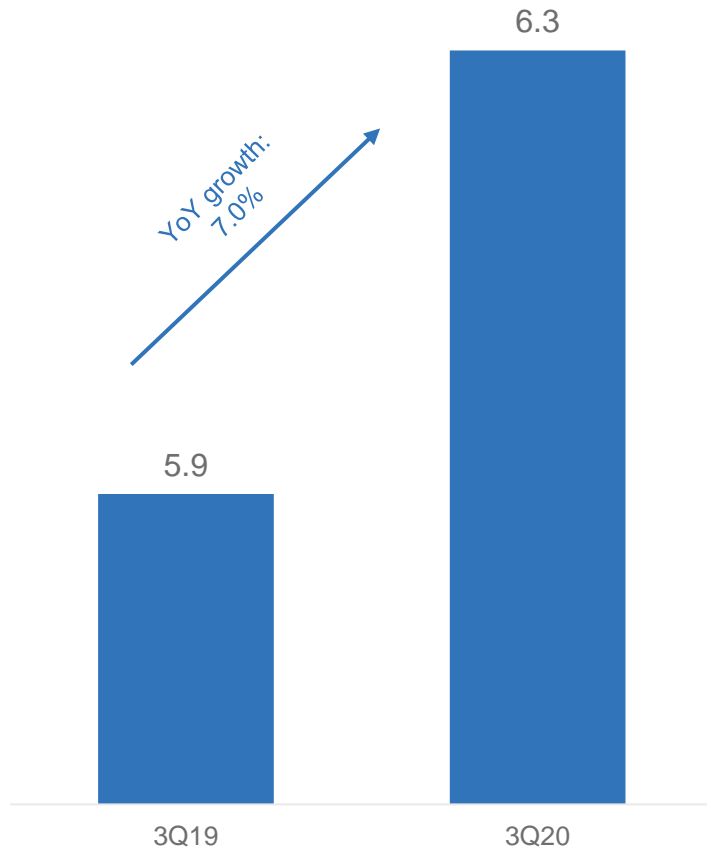


Note:
 (1) Revenue for the PRC excluding Hong Kong S.A.R., based on the location of the customers
 (2) Rounding difference may occur

User Base and Monetization Efforts

Continuously expanding user base MAUs

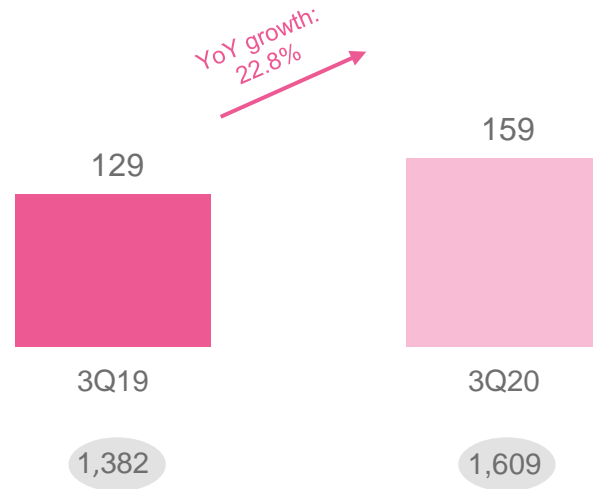
(MN)



Deepening monetization efforts Paying users

('000)

live streaming

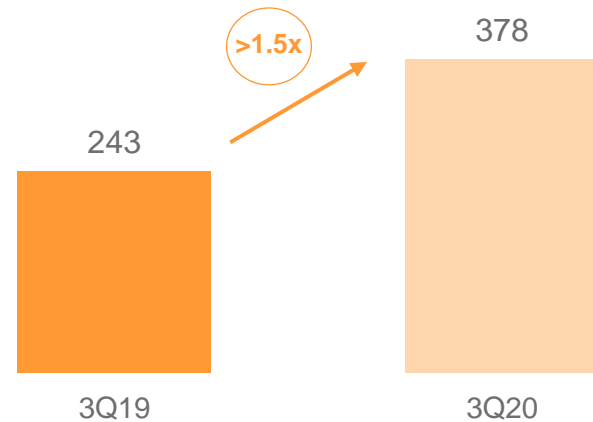


ARPPU
(RMB)

1,382

1,609

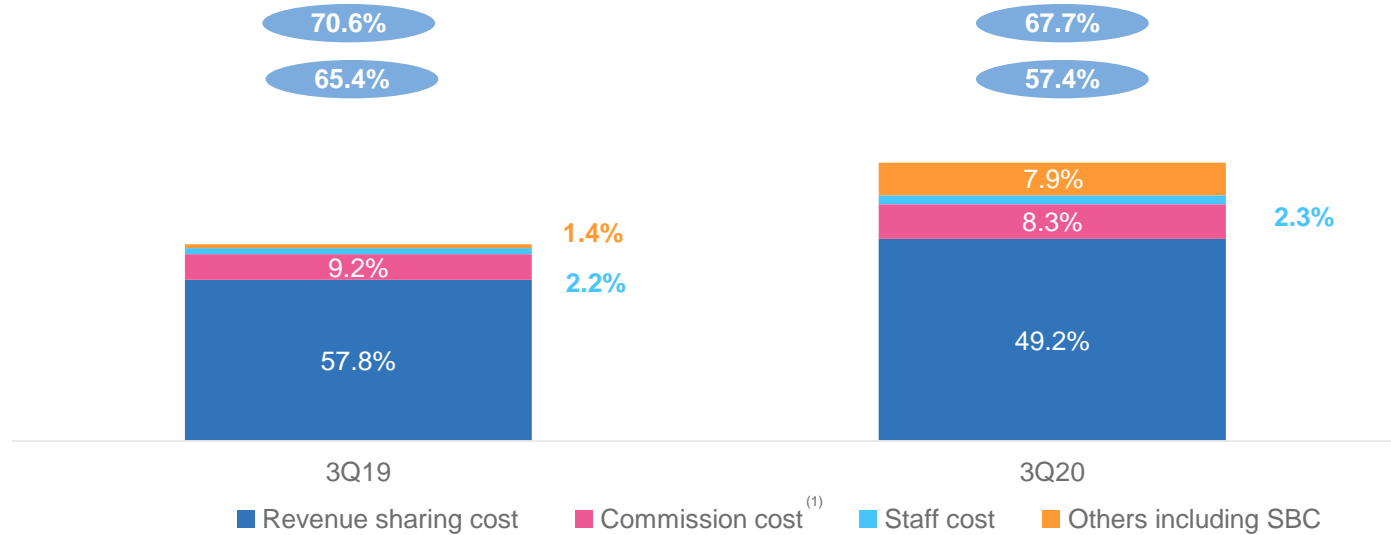
Membership Services



Margin Profile and Margin Business

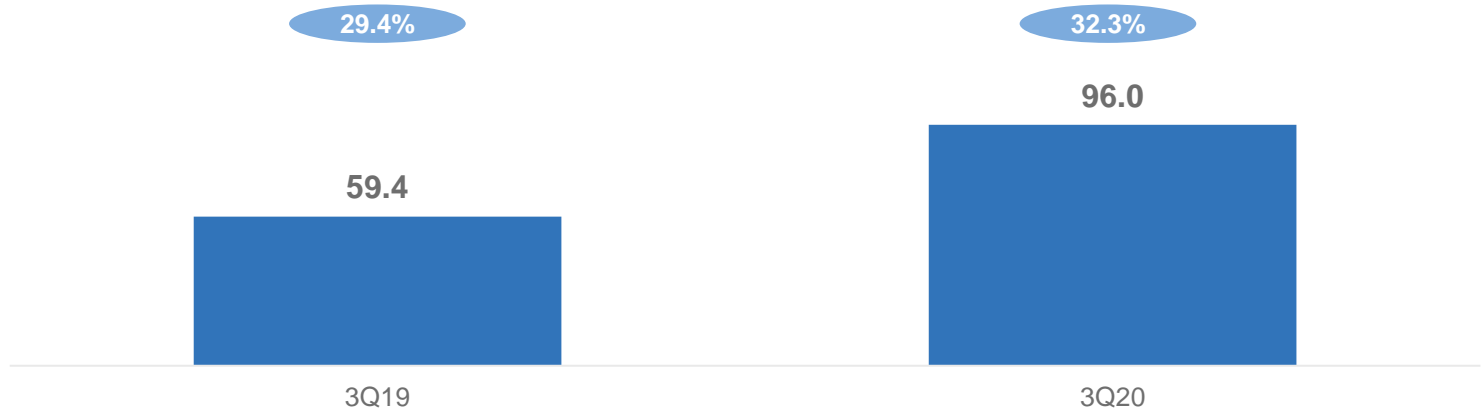
Cost of revenues

% 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
- (3) SBC represents share-based compensation

Operating Efficiency

Operating expenses

(RMBMN)

As a % of revenue

33.6%

80.9%

240.7

132.4

67.8

3.0

33.6

31.1

3Q19

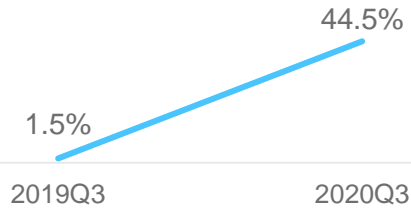
3Q20

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

Operating expenses as % of revenues

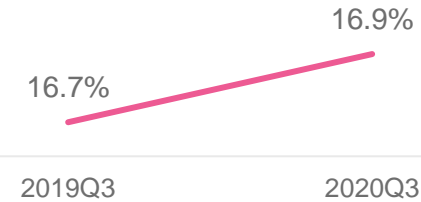
General and administrative expenses

(%)



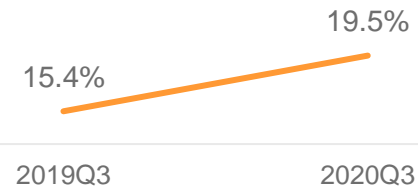
Technology and development expenses

(%)



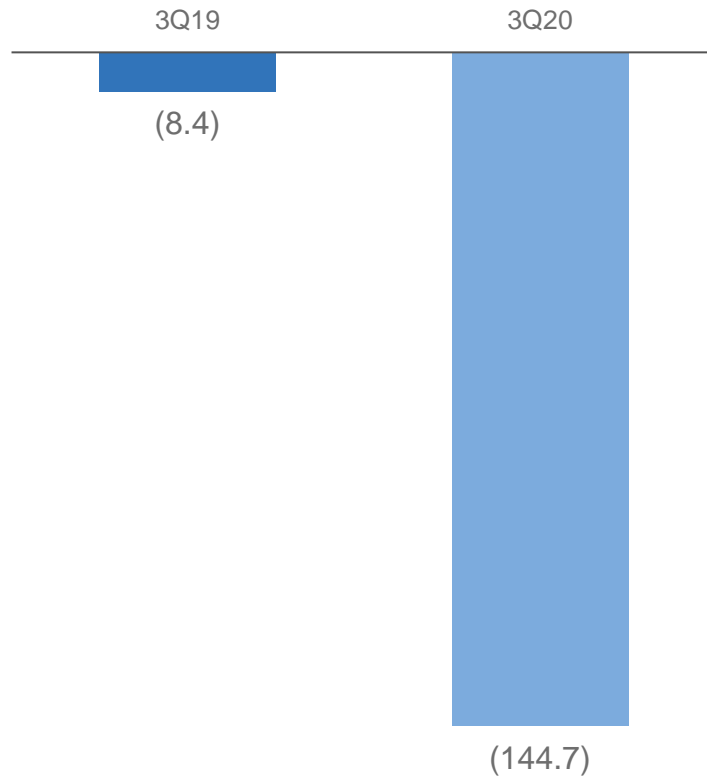
Selling and marketing expenses

(%)



Operating loss

(RMBMN)



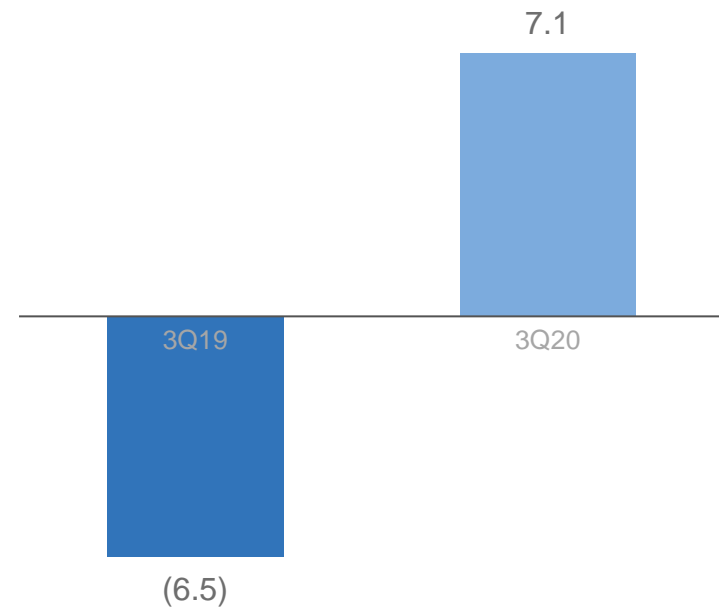
As a % of
revenue
(%)

(4.2%)

(48.6%)

Adjusted net loss⁽¹⁾

(RMBMN)



(3.2%)

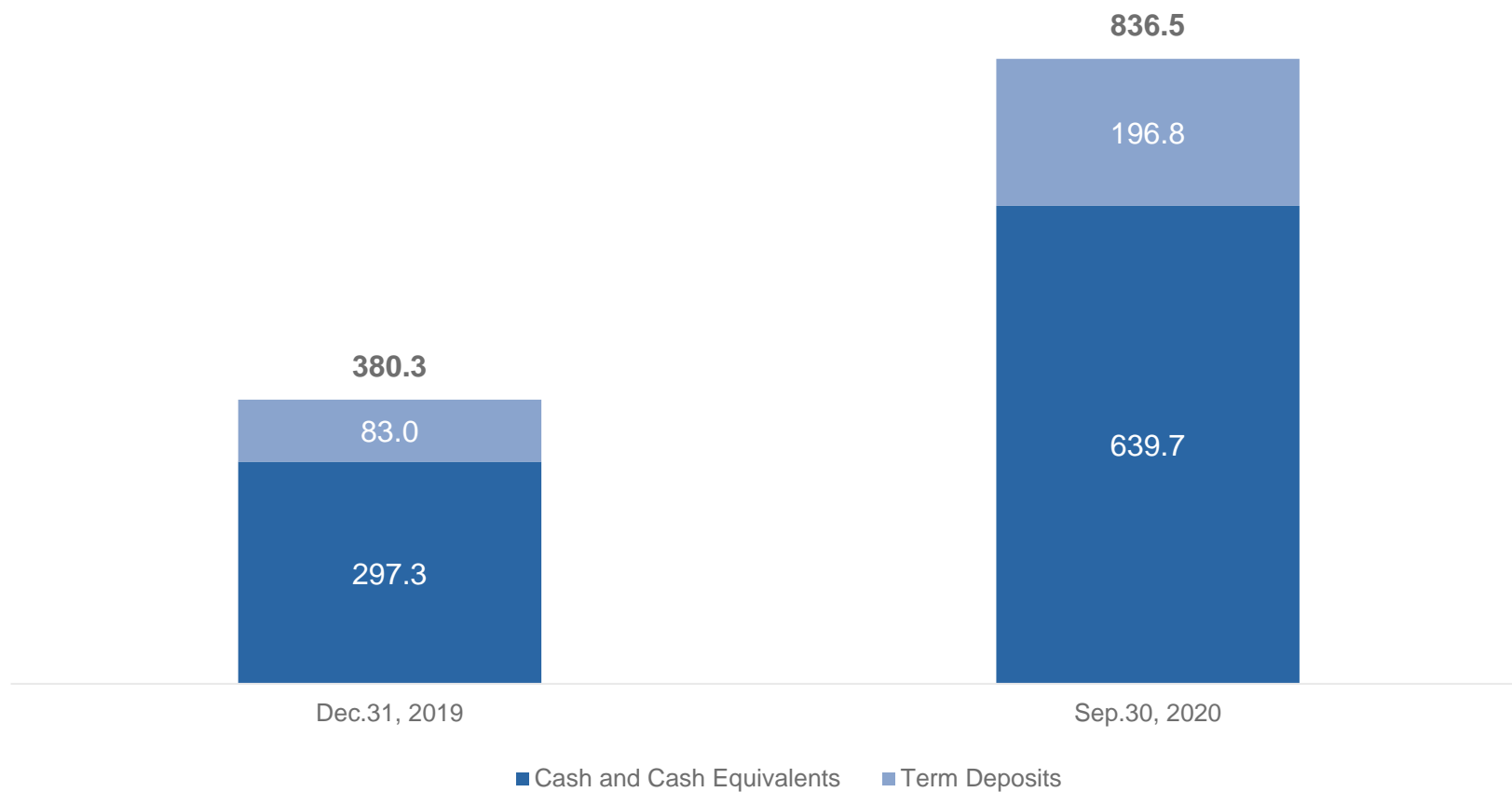
2.4%

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

(RMBMN)



Consolidated Balance Sheets

	As of December 31, 2019	As of September 30, 2020	
	RMB	RMB	US\$
ASSETS			
Current assets			
Cash and cash equivalents	297,273,822	639,687,390	94,215,770
Term deposits	83,016,780	196,811,890	28,987,258
Accounts receivable, net	1,217,559	5,320,377	783,607
Inventories	-	6,629,142	976,367
Prepayments and other current assets	52,485,930	93,945,356	13,836,655
Total current assets	433,994,091	942,394,155	138,799,657
Non-current assets			
Property and equipment, net	7,942,086	8,502,530	1,252,287
Intangible asset, net	-	8,695,713	1,280,740
Investment securities	23,579,048	50,000	7,364
Goodwill	-	2,039,923	300,448
Other non-current assets	1,360,429	1,360,429	200,370
Total non-current assets	32,881,563	20,648,595	3,041,209
Total assets	466,875,654	963,042,750	141,840,866

Consolidated Balance Sheets

As of December 31, 2019

As of September 30, 2020

RMB

RMB

US\$

LIABILITIES

Current liabilities

Accounts payable	18,633,876	21,044,221	3,099,479
Deferred revenue	32,555,402	25,484,115	3,753,404
Income tax payable	940,080	2,240,066	329,926
Accrued expenses and other current liabilities	71,768,573	86,104,231	12,681,783
Total current liabilities	123,897,931	134,872,633	19,864,592
Deferred tax liabilities	-	1,452,562	213,939
Total liabilities	123,897,931	136,325,195	20,078,531

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 September 30, 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	1,770
Additional paid-in capital	-	2,157,616,239	317,782,526
Accumulated other comprehensive loss	(41,101,943)	(79,813,777)	(11,755,299)
Accumulated deficit	(1,346,401,536)	(1,251,096,925)	(184,266,662)
Total shareholders' deficit	(1,387,500,033)	826,717,555	121,762,335
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	466,875,654	963,042,750	141,840,866

Consolidated Statements of Comprehensive Income



Three Months Ended September 30,

	2019	2020	
	RMB	RMB	US\$
Revenues	202,002,670	297,616,104	43,834,115
Cost and expenses:			
Cost of revenues	(142,611,373)	(201,577,758)	(29,689,195)
Selling and marketing expenses	(31,149,057)	(58,027,853)	(8,546,579)
Technology and development expenses	(33,649,004)	(50,289,302)	(7,406,814)
General and administrative expenses	(2,976,692)	(132,425,888)	(19,504,225)
Total cost and expenses	(210,386,126)	(442,320,801)	(65,146,813)
Operating loss	(8,383,456)	(144,704,697)	(21,312,698)
Change in fair value of financial instruments	(577,085)	4,863,256	716,280
Interest income	1,853,747	3,010,731	443,433
Loss before income taxes	(7,106,794)	(136,830,710)	(20,152,985)
Income tax (expenses)/benefit	28,624	(982,516)	(144,709)
Net loss	(7,078,170)	(137,813,226)	(20,297,694)

Consolidated Statements of Comprehensive Income



Three Months Ended September 30,

	2019		2020	
	RMB	RMB	US\$	
Change in redemption value of Redeemable Convertible Preferred Shares	(66,439,374)	-	-	
Net income applicable to preferred shareholders	-	-	-	
Net (loss)/income attributable to ordinary shareholders	(73,517,544)	(137,813,226)	(20,297,694)	
Net loss	(7,078,170)	(137,813,226)	(20,297,694)	
Other comprehensive loss				
Unrealized gain/(loss) on an available-for-sale investment, net of nil income taxes	113,115	(4,179,811)	(615,620)	
Foreign currency translation adjustment, net of nil income taxes	(32,948,868)	(15,402,283)	(2,268,511)	
Comprehensive (loss)/income	(39,913,923)	(157,395,320)	(23,181,825)	

GAAP to Non-GAAP Reconciliation

	Three Months Ended September 30,		
	2019	2020	
	RMB	RMB	US\$
Net loss	(7,078,170)	(137,813,226)	(20,297,694)
Add:			
Share-based compensation expenses	-	149,792,095	22,061,992
Changes in fair value of financial instruments	577,085	(4,863,256)	(716,280)
Adjusted net (loss)/income	(6,501,085)	7,115,613	1,048,018