

**LIZHI INC.**  
**Investor Presentation**

**Q4 2022**

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# Agenda

- 1. Business Overview**
- 2. Financial Highlights**
- 3. Appendix**

# **1. Business Overview**



# At a Glance

## Core Business

**Global Expansion Strategy**  
Expand Diversified Product Matrix

- Build a comprehensive AI chatbot platform
- Expand a diverse range of applicable usage scenarios
  - Propel global business development

- Enrich interactive entertainment usage scenarios
  - Unleash commercialization potential
  - Improve profitability

Integration of self-developed technology and open-source model empowers globalized business innovation

## Key Metrics

**Achieved Profitability for the Fifth Consecutive Quarter**  
Reached Record Highs for Both Revenues and Net Income

**RMB 587.6mn**  
YoY Growth 5%  
Q4 2022 Net revenues

**RMB 2.185bn**  
YoY Growth 3%  
2022 Net revenues

**RMB 31.40mn**  
YoY Growth 252%  
Q4 2022 Net income

**RMB 86.5mn**  
Turned profitable  
2022 Net income

**50.8mn**  
Q4 2022 Average total  
mobile MAUs<sup>1</sup>

**491.8k**  
Q4 2022 Average total  
monthly paying users<sup>2</sup>

Notes:

1. Refers to the average monthly number of active users across our platforms and Apps in certain period.
2. Refers to the average monthly number of paying user across our platforms and Apps in certain period.

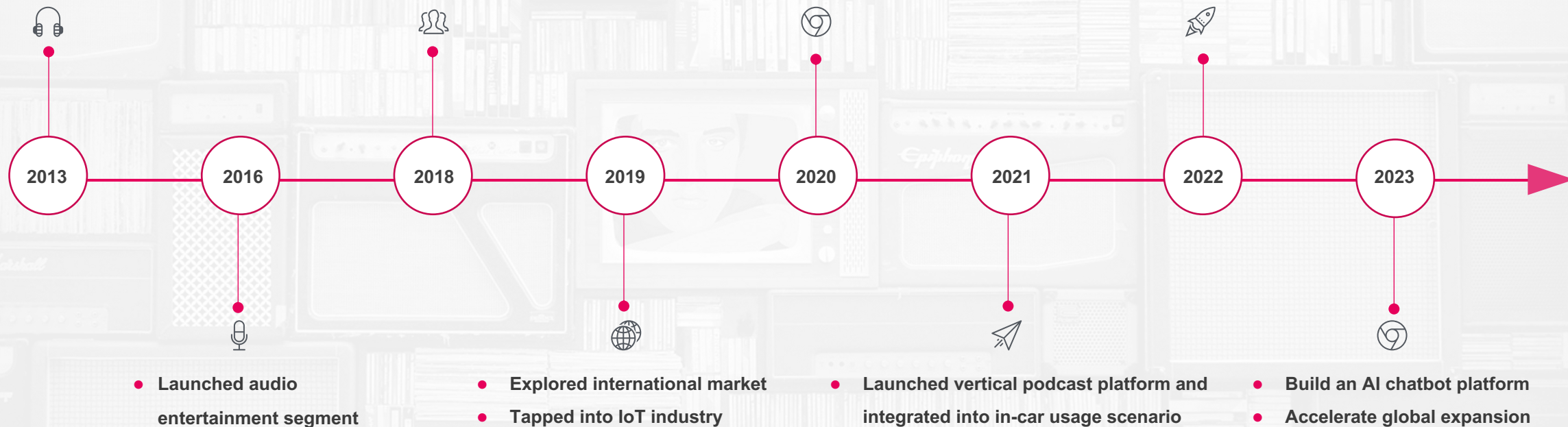
# Our Journey

- Launched LIZHI App 1.0
- Created one-stop audio platform

- Further expanded interactive features

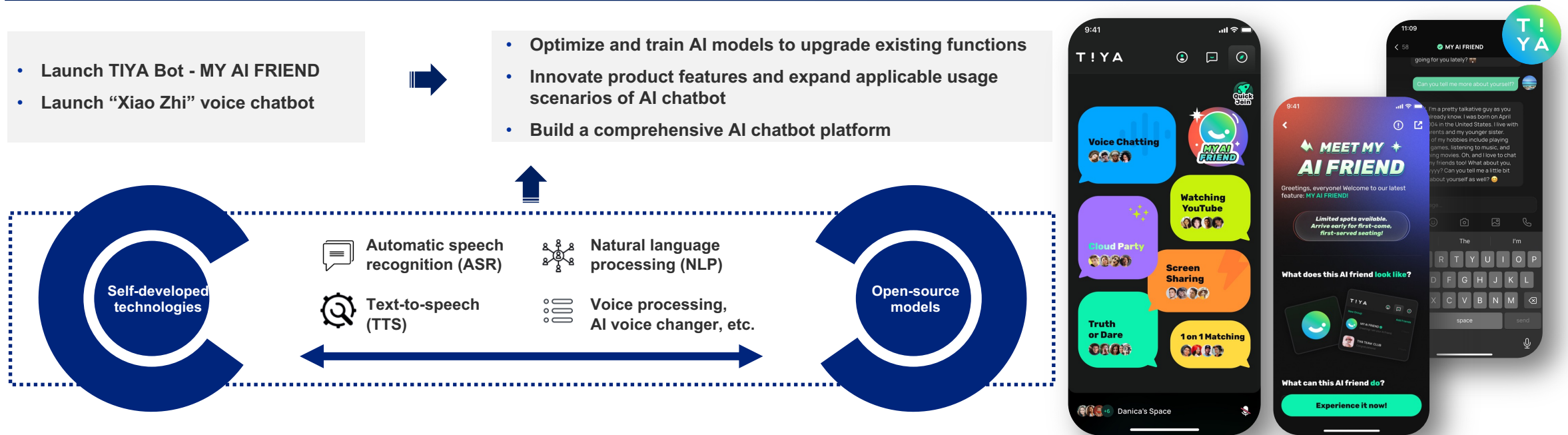
- Listed on NASDAQ (NASDAQ: LIZI)
- Broke into international social markets
- Launched TIYA App in the U.S. market

- Strengthened global expansion strategy
- Enhanced diversified product matrix strategy
- Established global headquarters in Singapore



# Build an AI chatbot platform to propel global business expansion

Create engaging, fun and interactive AI chatbot usage scenarios, providing users with innovative, online social companionship experiences



Strengthen globalization capability, build a diversified product matrix ecosystem and establish localized operations across a globalized organization



- Explore overseas market opportunities
- Enhance product matrix ecosystem



- Build globalized teams
- Strengthen localized operations



- Enhance self-developed technology
- Empower business expansion



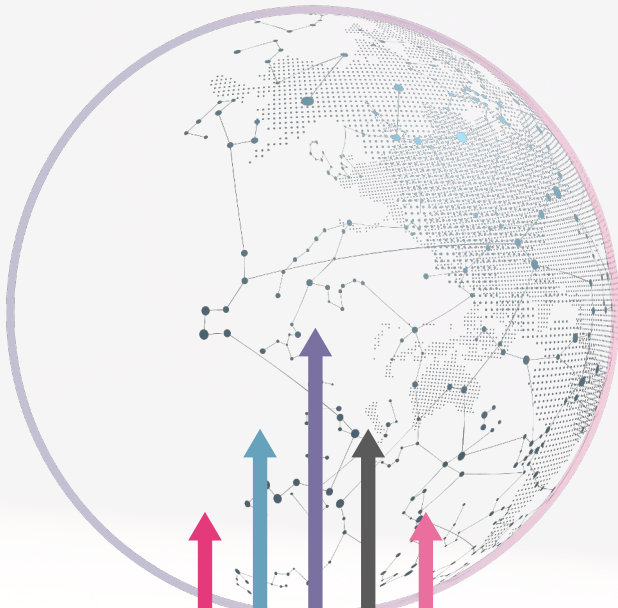
# Develop Audio-based Interactive Entertainment Product Matrix



- Incubate and expand diversified interactive audio entertainment product matrix.
- Cover more key user groups.
- Improve user penetration rate of interactive entertainment business.

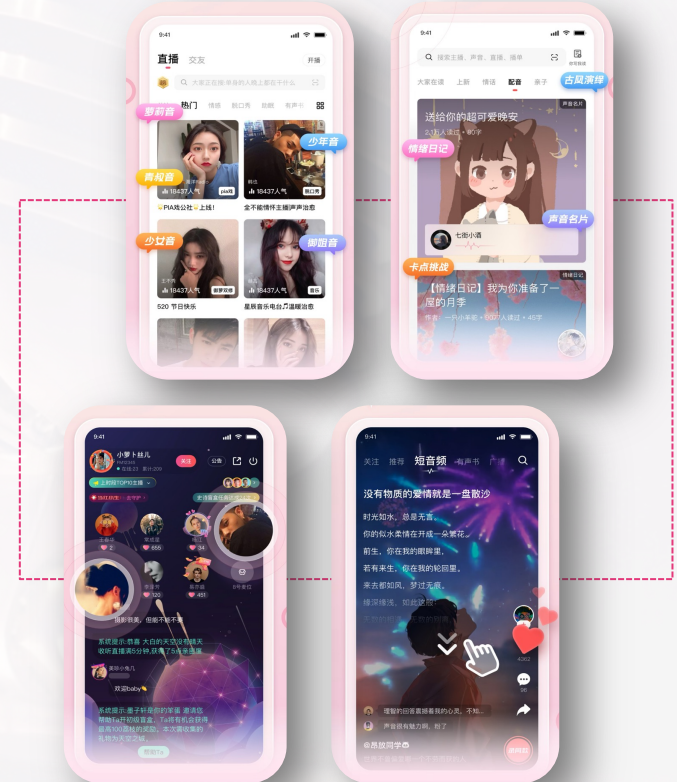


- Implement refined operational strategies.
- Unleash business commercialization potential.
- Improve overall profitability.



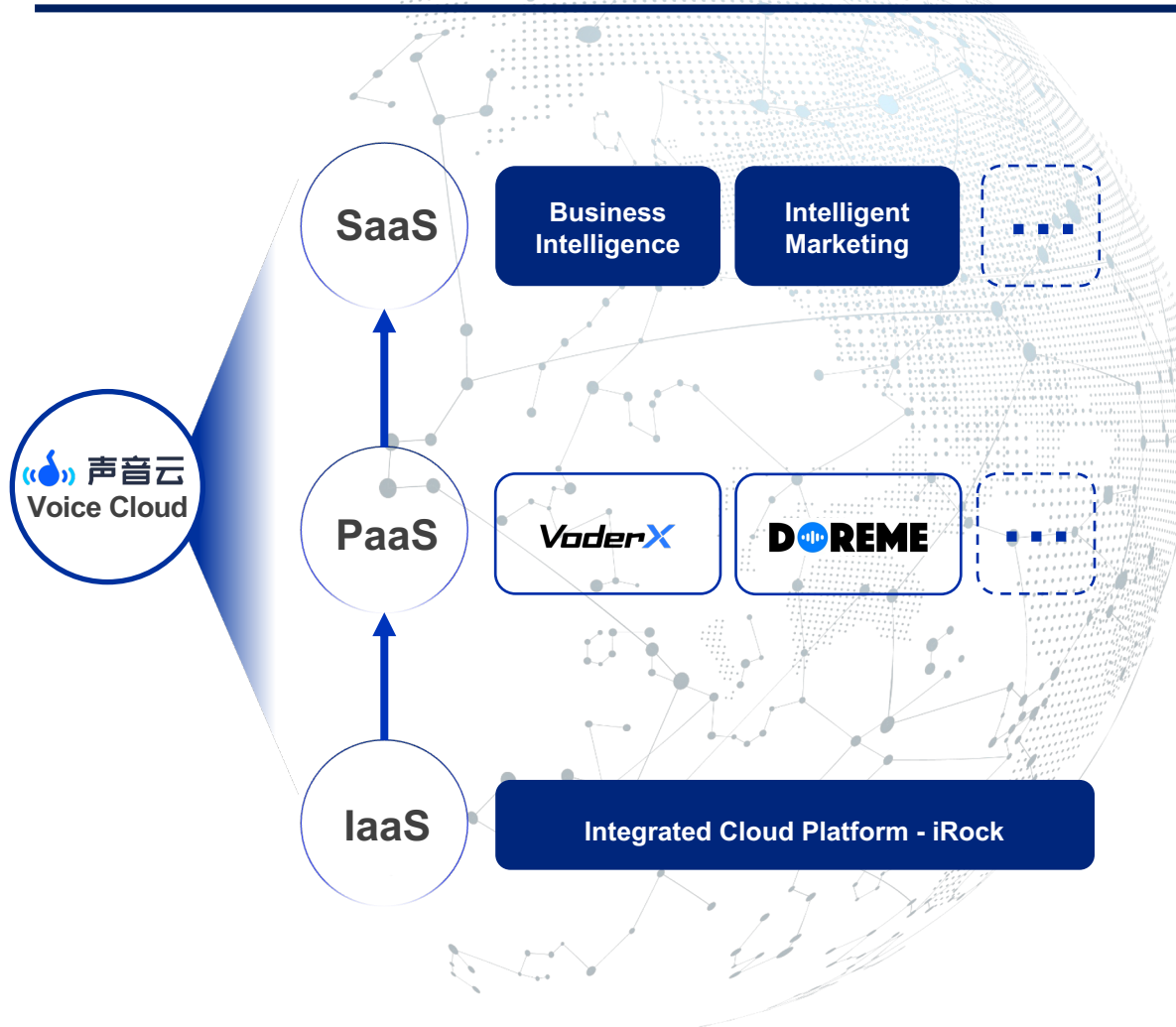
- Build a unified content creator operational platform.
- Strengthen content creator engagement and productivity.
- Explore value of top creators.

- Rich and innovative interactive audio features
- Real-time voice enhances connectivity between users
- Immersive audio entertainment experience



# Self-developed “Voice Cloud” Platform to Empower Business Growth

- Integrated three cloud computing models & Built the full-link business solution portfolio based on technical achievements
- Provide systematic one-stop solutions for businesses’ development



## Leverage data analysis to drive business development

- Optimize automated and refined intelligent data analysis. Advance the intelligent management of data assets, and use data to drive business development.
- Integrate intelligent platforms to achieve a comprehensive improvement in product research and development, marketing, operation and management efficiency.

## Improve technology capabilities related to real-time, audio and innovation

- Voice Cloud incorporates DOREME, our self-developed RTC real-time audio and video streaming technology platform, to diversify usage scenarios, provide higher quality audio transmission, and aid business development across diverse usage scenarios.
- Instant message platform VoderX empowers business innovation and provides tailored features for various businesses.

## Integrated Cloud Platform - iRock

- Build a unified operation management platform to meet the business needs of "multi-cloud integration" and provide flexible, secure, and stable cloud services.



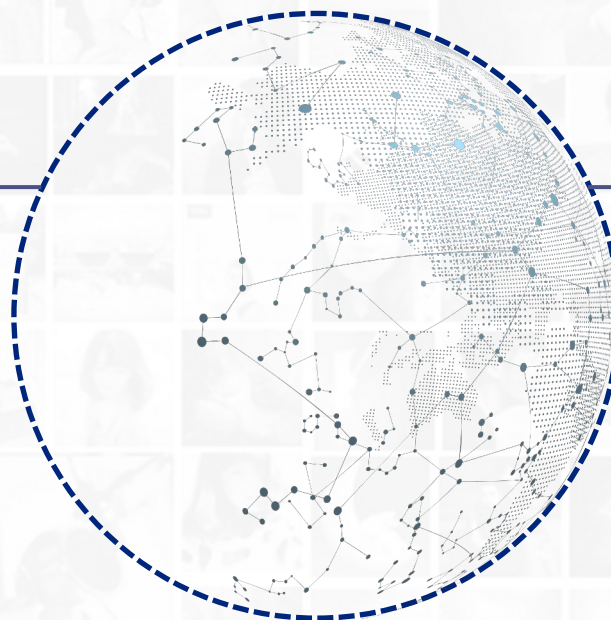
# Strategic Focus

## Strategic Global Expansion

- Build an AI chatbot platform and expand diversified usage scenarios
- Accelerate global expansion through localized operations and globalized organization

## Unleash Commercialization Potential

- Enrich product matrix to target a broader user base
- Implement refined operational management to improve commercialization capabilities and efficiency
- Expand monetization models and diversify revenue streams



## Promote Technology Innovation

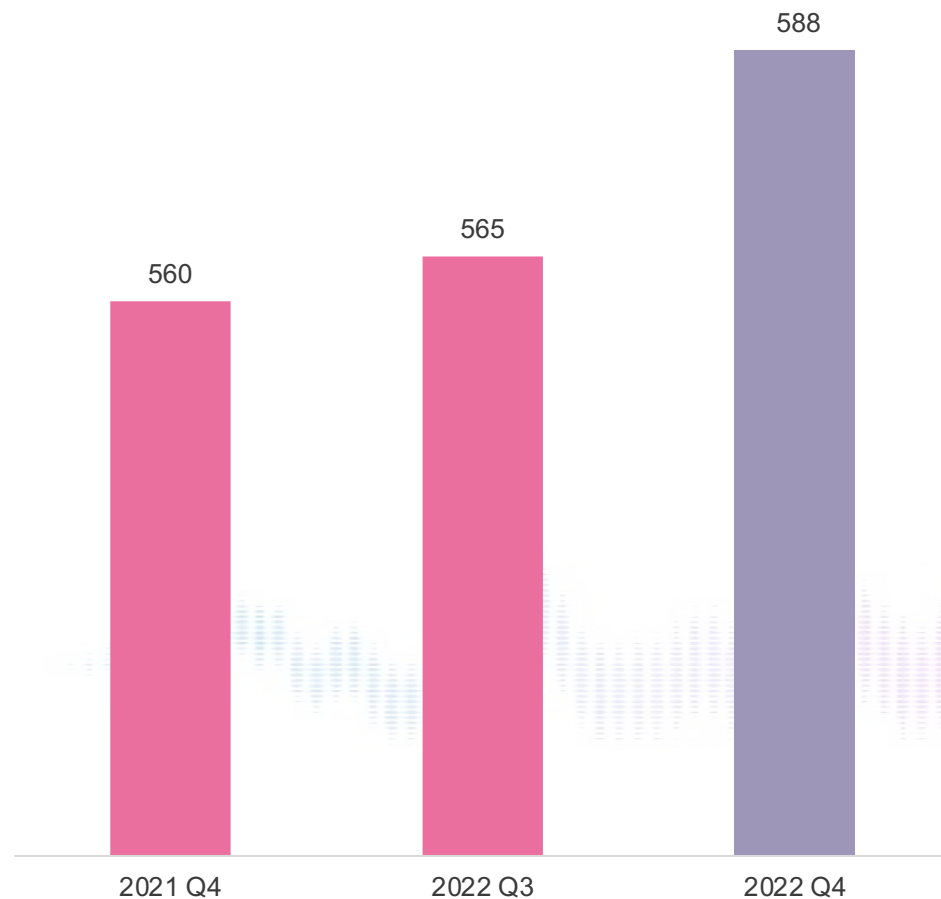
- Develop core technological capabilities and enhance differentiated competitiveness
- Integrate proprietary technologies and open-source models to power product innovation
- Further implement self-developed “Voice Cloud” platform into business to drive global business development

## **2. Financial Highlights**

## Q4 2022 Financial Overview

### Net revenues

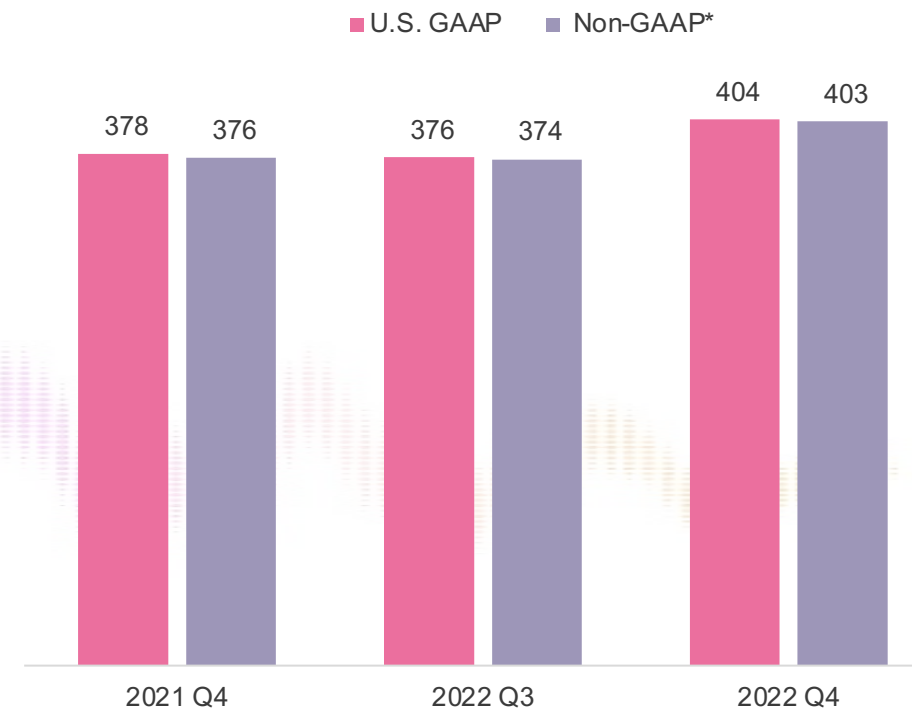
RMB mn



### Cost of revenues

RMB mn

	2021 Q4	2022 Q3	2022 Q4
Gross margin	32%	33%	31%
Non-GAAP* gross margin	33%	34%	31%



\*Notes: Non-GAAP, excluding share-based compensation

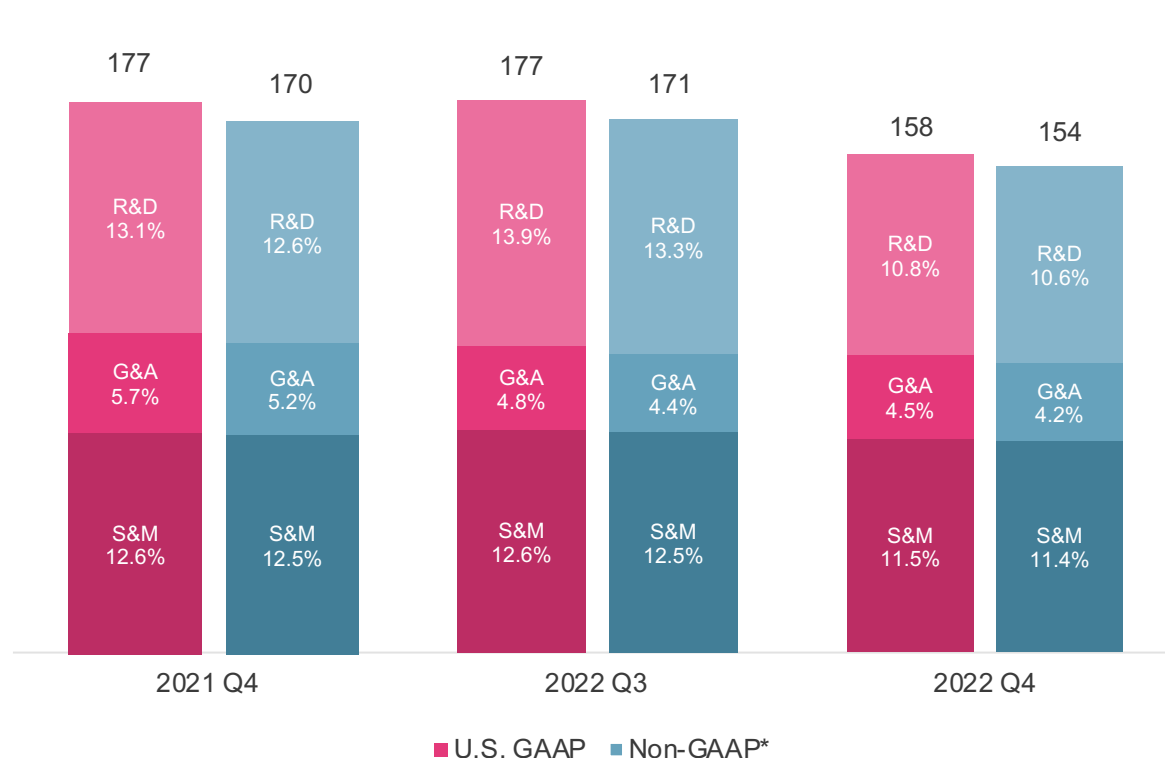


# Q4 2022 Financial Overview

## Operating expense

RMB mn; % of total revenues

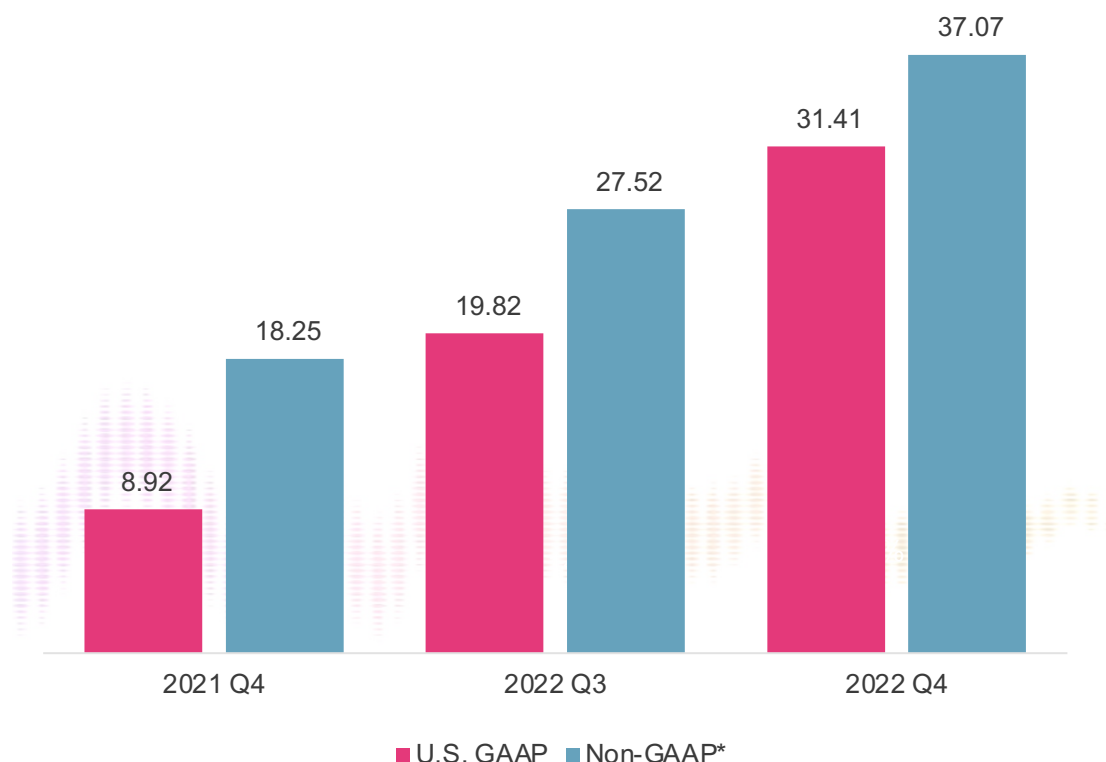
	2021 Q4	2022 Q3	2022 Q4
Operating income margin	1.0%	2.2%	<b>4.3%</b>
Non-GAAP* operating income margin	2.6%	3.6%	<b>5.3%</b>



## Net income

RMB mn

	2021 Q4	2022 Q3	2022 Q4
Net income margin	1.6%	3.5%	<b>5.3%</b>
Non-GAAP* net income margin	3.3%	4.9%	<b>6.3%</b>

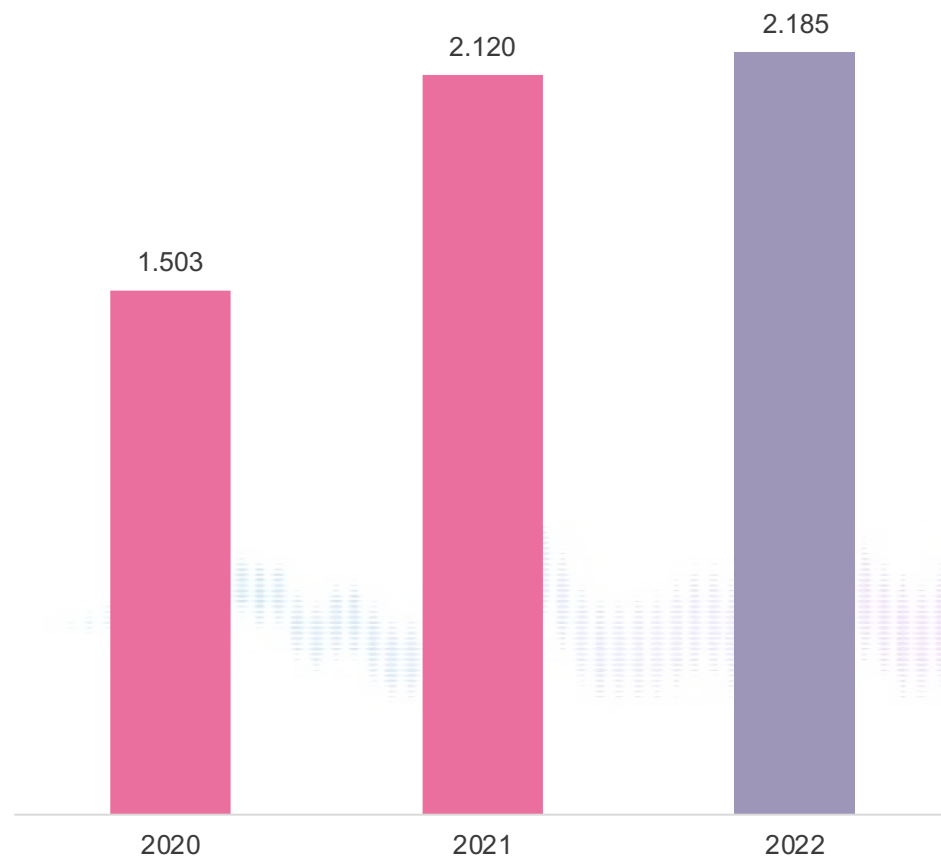


\*Notes: Non-GAAP, excluding share-based compensation

# FY 2022 Financial Overview

## Net revenues

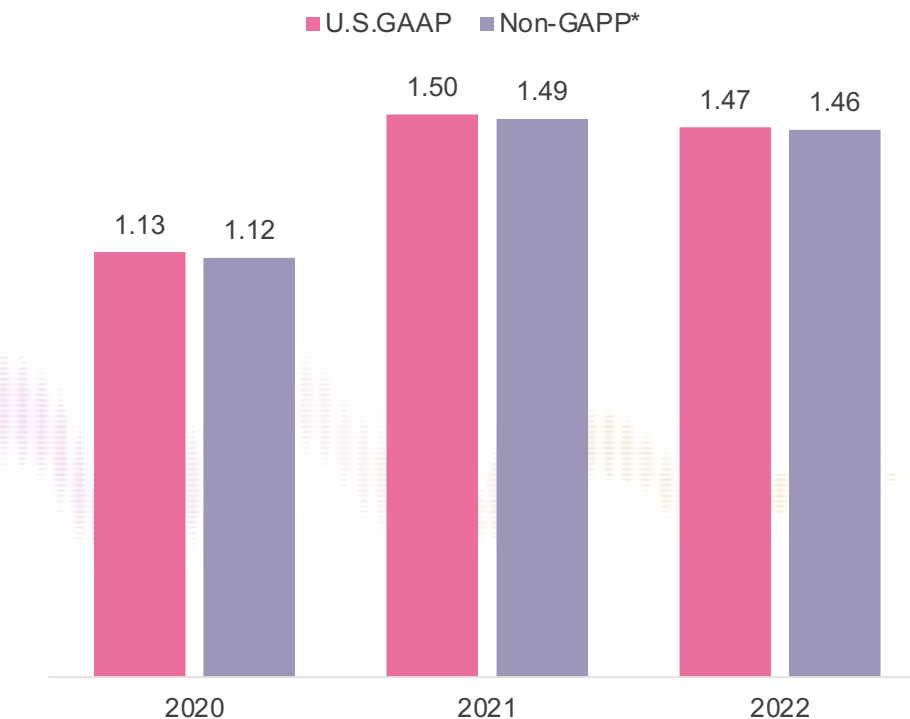
RMB bn



## Cost of revenues

RMB bn

	2020	2021	2022
Gross margin	25%	29%	33%
Non-GAAP* gross margin	25%	30%	33%



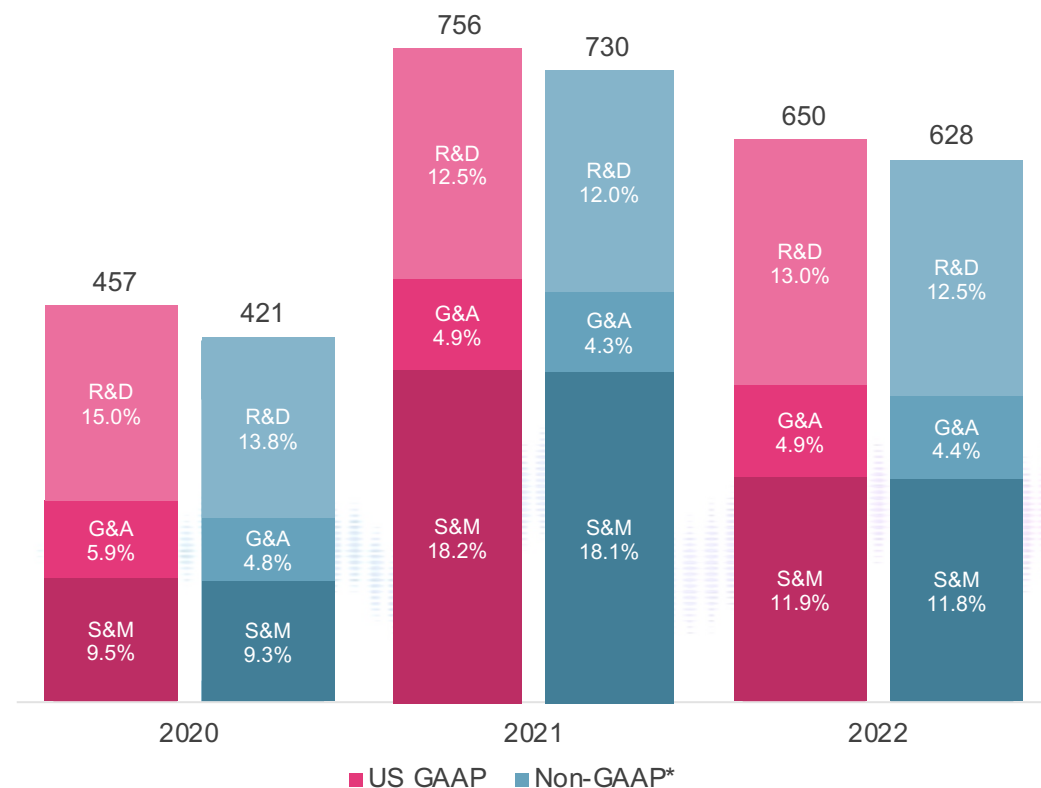
\*Notes: Non-GAAP, excluding share-based compensation

# FY 2022 Financial Overview

## Operating expense

RMB mn; % of total revenues

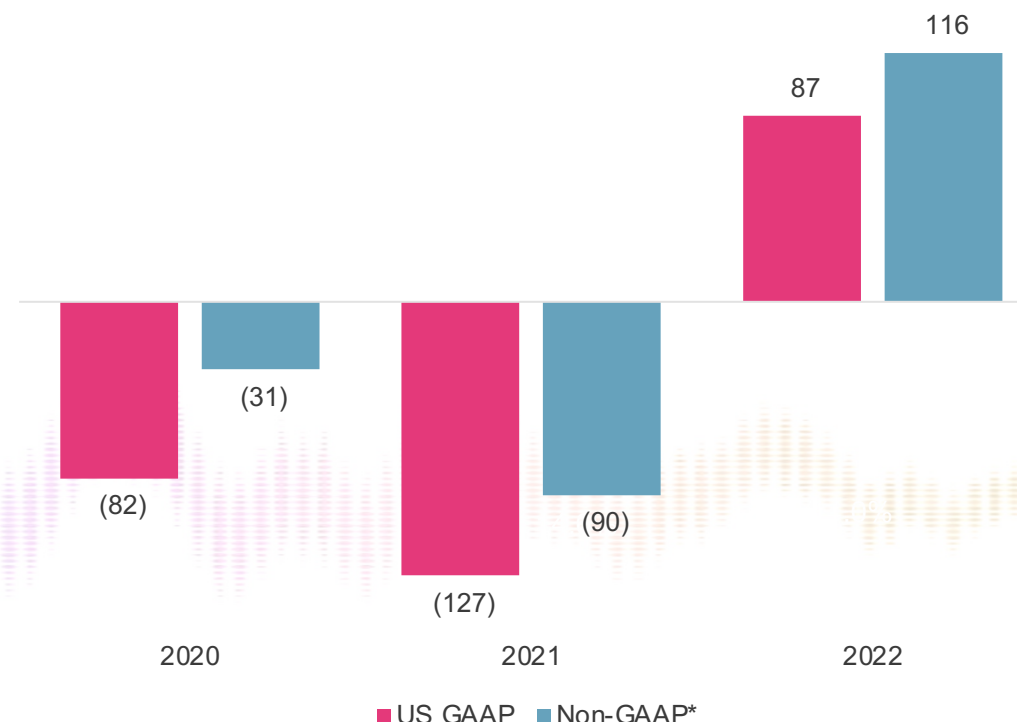
	2020	2021	2022
Operating (loss)/ income margin	-5.9%	-6.5%	<b>3.1%</b>
Non-GAAP* operating (loss)/ income margin	-2.5%	-4.8%	<b>4.4%</b>



## Net (loss)/ income

RMB mn

	2020	2021	2022
Net (loss)/ income margin	-5.5%	-6.0%	<b>4.0%</b>
Non-GAAP* net (loss)/ income margin	-2.1%	-4.2%	<b>5.3%</b>



\*Notes: Non-GAAP, excluding share-based compensation

## **3. Appendix**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(RMB '000)	Q4 2021	Q3 2022	Q4 2022	Q4 2022 Non-GAAP*	FY 2021	FY 2022	FY 2022 Non-GAAP*
<b>Net revenues</b>							
Audio entertainment revenues	556,304	562,573	584,701	584,701	2,101,475	2,174,314	2,174,314
Podcast, advertising and other revenues	4,028	2,655	2,930	2,930	18,039	10,952	10,952
<b>Total net revenue</b>	<b>560,332</b>	<b>565,228</b>	<b>587,631</b>	<b>587,631</b>	<b>2,119,514</b>	<b>2,185,266</b>	<b>2,185,266</b>
Cost of revenues	(378,406)	(376,159)	(404,078)	(402,571)	(1,502,505)	(1,468,921)	(1,461,869)
<b>Gross profit</b>	<b>181,926</b>	<b>189,069</b>	<b>183,553</b>	<b>185,060</b>	<b>617,009</b>	<b>716,345</b>	<b>723,397</b>
<b>Operating expenses</b>							
Selling and marketing expenses	(70,859)	(71,167)	(67,686)	(67,156)	(386,204)	(259,618)	(257,359)
General and administrative expenses	(32,192)	(27,093)	(26,706)	(24,637)	(104,617)	(106,727)	(97,068)
Research and development expenses	(73,523)	(78,320)	(63,673)	(62,123)	(264,706)	(283,349)	(273,086)
<b>Total operating expenses</b>	<b>(176,574)</b>	<b>(176,580)</b>	<b>(158,065)</b>	<b>(153,916)</b>	<b>(755,527)</b>	<b>(649,694)</b>	<b>(627,513)</b>
<b>Operating income/(loss)</b>	<b>5,352</b>	<b>12,489</b>	<b>25,488</b>	<b>31,144</b>	<b>(138,518)</b>	<b>66,651</b>	<b>95,884</b>
Interest (expenses)/income, net	(154)	1,321	865	865	(1,103)	2,611	2,611
Foreign exchange (losses)/gains	(311)	(311)	69	69	(738)	(1,052)	(1,052)
Investment income	-	409	1,548	1,548	468	2,197	2,197
Government grants	3,832	4,178	3,387	3,387	13,496	14,360	14,360
Others, net	572	1,736	157	157	(479)	1,944	1,944
<b>Income/(Loss) before income taxes</b>	<b>9,291</b>	<b>19,822</b>	<b>31,514</b>	<b>37,170</b>	<b>(126,874)</b>	<b>86,711</b>	<b>115,944</b>
Income tax expense	(376)	-	(103)	(103)	(376)	(207)	(207)
<b>Net income/(loss)</b>	<b>8,915</b>	<b>19,822</b>	<b>31,411</b>	<b>37,067</b>	<b>(127,250)</b>	<b>86,504</b>	<b>115,737</b>
Net loss attributable to the non-controlling interest shareholders	-	1	9	9	-	13	13
<b>Net income/(loss) attributable to the Lizhi Inc.'s ordinary shareholders</b>	<b>8,915</b>	<b>19,823</b>	<b>31,420</b>	<b>37,076</b>	<b>(127,250)</b>	<b>86,517</b>	<b>115,750</b>

\*Notes: Non-GAAP, excluding share-based compensation.

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(RMB '000)	As of December 31, 2021	As of December 31, 2022
<b>Current assets</b>		
Cash and cash equivalents	533,293	568,192
Short-term investment	-	111,353
Restricted Cash	4,155	10,323
Accounts receivable, net	6,458	3,233
Prepayments and other current assets	33,604	30,391
<b>Total current assets</b>	<b>577,510</b>	<b>723,492</b>
<b>Non-current assets</b>		
Property, equipment and leasehold improvement, net	33,391	26,546
Intangible assets, net	2,245	1,183
Right-of-use assets, net	28,941	25,116
Other non-current assets	799	-
<b>Total non-current assets</b>	<b>65,376</b>	<b>52,845</b>
<b>Total assets</b>	<b>642,886</b>	<b>776,337</b>
<b>Current liabilities</b>		
Accounts payable	80,793	53,832
Deferred revenue	20,657	35,677
Salary and welfare benefits payable	123,075	136,837
Taxes payable	5,564	5,421
Short-term loans	68,999	73,765
Lease liabilities due within one year	13,929	18,372
Accrued liabilities and other current liabilities	53,486	47,622
<b>Total current liabilities</b>	<b>366,503</b>	<b>371,526</b>
<b>Non-current Liabilities</b>		
Lease liabilities	17,076	8,195
Other non-current liabilities	4,452	3,952
<b>Total non-current liabilities</b>	<b>21,528</b>	<b>12,147</b>
<b>Total liabilities</b>	<b>388,031</b>	<b>383,673</b>
<b>Total LIZHI INC.'s shareholders' equity</b>	<b>254,855</b>	<b>392,677</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>(13)</b>
<b>Total shareholder's equity</b>	<b>254,855</b>	<b>392,664</b>
<b>Total liabilities and shareholders' equity</b>	<b>642,886</b>	<b>776,337</b>

# Thank You

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## Contact Us

Email: [ir@lizhi.fm](mailto:ir@lizhi.fm)

IR website: [ir.lizhi.fm](http://ir.lizhi.fm)

Group website: [lizhiinc.com](http://lizhiinc.com)