



Weibo Reports Second Quarter 2021 Unaudited Financial Results

08/18/21

BEIJING, Aug. 18, 2021 /PRNewswire/ -- Weibo Corporation ("Weibo" or the "Company") (NASDAQ: WB), a leading social media in China, today announced its unaudited financial results for second quarter ended June 30, 2021.

"We had a strong quarter with broad-based strength of our business, and both our community and revenues grew with accelerated pace," said Gaofei Wang, CEO of Weibo. "On the user front, both our MAUs and DAUs reached record high in June, leveraging our further enhanced competitiveness in social products, initiatives on the video front and effective channel investment. On monetization, the strong momentum of our ad business was underpinned by our relentless effort to optimize ad products and improve efficiency to drive value for our customers." Mr. Wang concluded.

Second Quarter 2021 Highlights

- Net revenues were \$574.5 million, an increase of 48% year-over-year or an increase of 34% year-over-year on a constant currency basis ^[1].
- Advertising and marketing revenues were \$502.3 million, an increase of 47% year-over-year.
- Value-added service ("VAS") revenues were \$72.1 million, an increase of 54% year-over-year.
- Income from operations was \$193.2 million, an increase of 82% year-over-year, representing an operating margin of 34%.
- Non-GAAP income from operations was \$223.2 million, an increase of 83% year-over-year, representing a non-GAAP operating margin of 39%.
- Net income attributable to Weibo was \$81.0 million and diluted net income per share was \$0.35.
- Non-GAAP net income attributable to Weibo was \$182.8 million and non-GAAP diluted net income per share was \$0.79.
- Monthly active users ("MAUs") were 566 million in June 2021, a net addition of 43 million users on a year-over-year basis. Mobile MAUs represented 94% of MAUs.
- Average daily active users ("DAUs") were 246 million in June 2021, a net addition of 16 million users on a year-over-year basis.

^[1] On a constant currency (non-GAAP) basis, we assume that the exchange rate in the second quarter of 2021 had been the same as it was in the second quarter of 2020, or RMB 7.09=US\$1.00.

Second Quarter 2021 Financial Results

For the second quarter of 2021, Weibo's total net revenues were \$574.5 million, an increase of 48% compared to \$387.4 million for the same period last year.

Advertising and marketing revenues for the second quarter of 2021 were \$502.3 million, an increase of 47% compared to \$340.6 million for the same period last year. Advertising and marketing revenues excluding ad revenues from Alibaba were \$462.4 million, an increase of 52% compared to \$304.8 million for the same period last year, primarily attributable to a broad-based increase in advertising demand and strong sales execution.

VAS revenues for the second quarter of 2021 were \$72.1 million, an increase of 54% year-over-year compared to \$46.8 million for the same period last year, mainly attributable to revenues derived from the interactive entertainment company acquired in November 2020 and incremental revenues contributed from online game services.

Costs and expenses for the second quarter of 2021 totaled \$381.2 million, an increase of 36% compared to \$281.2 million for the same period last year. The increase was primarily due to higher marketing expense and personnel-related cost.

Income from operations for the second quarter of 2021 was \$193.2 million, an increase of 82% compared to \$106.2 million for the same period last year. Operating margin was 34%, compared to 27% last year. Non-GAAP income from operations was \$223.2 million, an increase of 83% compared to \$121.9 million for the same period last year. Non-GAAP operating margin was 39%, compared to 31% last year.

Non-operating loss for the second quarter of 2021 was \$65.3 million, compared to a non-operating income of \$132.5 million for the same period last year. Non-operating loss for the second quarter of 2021 mainly included (i) a \$66.6 million impairment charge on equity investments, which is excluded under non-GAAP measures; (ii) a \$10.9 million net loss on fair value change of investments, which is excluded under non-GAAP measures; and (iii) an \$11.5 million net interest and other income.

Income tax expense were \$46.9 million, compared to \$40.7 million for the same period last year.

Net income attributable to Weibo for the second quarter of 2021 was \$81.0 million, compared to \$198.4 million for the same period last year. Diluted net income per share attributable to Weibo for the second quarter of 2021 was \$0.35, compared to \$0.86 for the same period last year. Non-GAAP net income attributable to Weibo for the second quarter of 2021 was \$182.8 million, compared to \$114.5 million for the same period last year. Non-GAAP diluted net income per share attributable to Weibo for the second quarter of 2021 was \$0.79, compared to \$0.50 for the same period last year.

As of June 30, 2021, Weibo's cash, cash equivalents and short-term investments totaled \$2.94 billion. For the second quarter of 2021, cash provided by operating activities was \$94.1 million, capital expenditures totaled \$9.5 million, and depreciation and amortization expenses amounted to \$13.6 million.

Change of Board Committee Member

The Company announced that its board of directors (the "Board") has appointed Mr. Yan Wang as a member of the compensation committee of the Board, replacing Mr. P. Christopher Lu, who resigned from the compensation committee of the Board, both effective immediately.

Business Outlook

For the third quarter of 2021, Weibo estimates its net revenues to increase by 20% to 25% year-over-year on a constant currency basis. This forecast reflects Weibo's current and preliminary view, which is subject to change.

Conference Call

Weibo's management team will host a conference call from 7:00 AM to 8:00 AM Eastern Time on August 18, 2021 (or 7:00 PM – 8:00 PM Beijing Time on August 18, 2021) to present an overview of the Company's financial performance and business operations.

Please register in advance of the conference call using the link provided below. Upon registering, you will be provided with dial-in numbers, passcode and unique registrant ID by email. To join the conference, please use the conference access information provided in the email received at the point of registering.

PRE-REGISTER LINK: <http://apac.directeventreg.com/registration/event/4468816>

Additionally, a live webcast of the call will be available through the Company's corporate website at <http://ir.weibo.com>.

A telephone replay will be available from 22:00 PM China Standard Time on August 18, 2021 to 21:59 PM China Standard Time on August 26, 2021. To access the recording, please use the following dial-in information listed below:

| | |
|-----------------|-----------------|
| United States: | +1 855 452 5696 |
| Hong Kong: | 800 963 117 |
| Mainland China: | 400 602 2065 |
| International: | +61 2 8199 0299 |
| Replay PIN: | 4468816 |

Non-GAAP Financial Measures

This release contains the following non-GAAP financial measures: non-GAAP income from operations, non-GAAP net income attributable to Weibo's shareholders, non-GAAP diluted net income per share attributable to Weibo's shareholders and adjusted EBITDA. These non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Company's financial performance prepared in accordance with U.S. GAAP.

The Company's non-GAAP financial measures exclude stock-based compensation, amortization of intangible assets resulting from business acquisitions, non-cash compensation cost to non-controlling interest shareholders, net results of impairment on, gain/loss on sale of and fair value change of investments, non-GAAP to GAAP reconciling items on the share of equity method investments, non-GAAP to GAAP reconciling items for the income/loss attributable to non-controlling interests, provision for income tax primarily related to the amortization of intangible assets resulting from business acquisitions and fair value change of investments, and amortization of convertible debt and unsecured senior notes issuance cost. Adjusted EBITDA excludes interest income, net, income tax expenses (benefit), and depreciation expenses.

The Company's management uses these non-GAAP financial measures in their financial and operating decision-making, because management believes these measures reflect the Company's ongoing operating performance in a manner that allows more meaningful period-to-period comparisons. The Company believes that these non-GAAP financial measures provide useful information to investors and others in the following ways: (i) in comparing the Company's current financial results with the Company's past financial results in a consistent manner, and (ii) in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. The Company also believes that the non-GAAP financial measures provide useful information to both management and investors by excluding certain expenses, gains (losses) and other items (i) that are not expected to result in future cash payments or (ii) that are non-recurring in nature or may not be indicative of the Company's core operating results and business outlook.

Use of non-GAAP financial measures has limitations. The Company's non-GAAP financial measures do not include all income and expense items that affect the Company's operations. They may not be comparable to non-GAAP financial measures used by other companies. Accordingly, care should be exercised in understanding how the Company defines its non-GAAP financial measures. Reconciliations of the Company's non-GAAP financial measures to the nearest comparable GAAP measures are set forth in the section below titled "Unaudited Reconciliation of Non-GAAP to GAAP Results."

About Weibo

Weibo is a leading social media for people to create, share and discover content online. Weibo combines the means of public self-expression in real time with a powerful platform for social interaction, content aggregation and content distribution. Any user can create and post a feed and attach multi-media and long-form content. User relationships on Weibo may be asymmetric; any user can follow any other user and add comments to a feed while reposting. This simple, asymmetric and distributed nature of Weibo allows an original feed to become a live viral conversation stream.

Weibo enables its advertising and marketing customers to promote their brands, products and services to users. Weibo offers a wide range of advertising and marketing solutions to companies of all sizes. The Company generates a substantial majority of its revenues from the sale of advertising and marketing services, including the sale of social display advertisement and promoted marketing offerings. Designed with a "mobile first" philosophy, Weibo displays content in a simple information feed format and offers native advertisement that conform to the information feed on our platform. To support the mobile format, we have developed and continuously refining our social interest graph recommendation engine, which enables our customers to perform people marketing and target audiences based on user demographics, social relationships, interests and behaviors, to achieve greater relevance, engagement and marketing effectiveness.

Safe Harbor Statement

This press release contains forward-looking statements that relate to, among other things, Weibo's expected financial performance and strategic and operational plans (as described, without limitation, in the "Business Outlook" section and in quotations from management in this press release. Weibo may also make forward-looking statements in the Company's periodic reports to the U.S. Securities and Exchange Commission ("SEC"), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. These forward-looking statements can be identified by terminology, such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "confidence," "estimates" and similar statements. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Potential risks and uncertainties include, but are not limited to, Weibo's limited operating history in certain new businesses; failure to grow active user base and the level of user engagement; the uncertain regulatory landscape in China; fluctuations in the Company's quarterly operating results; the Company's reliance on advertising and marketing sales for a majority of its revenues; failure to successfully develop, introduce, drive adoption of or monetize new features and products; failure to compete effectively for advertising and marketing spending; failure to successfully integrate acquired businesses; risks associated with the Company's investments, including equity pick-up and impairment; failure to compete successfully against new entrants and established industry competitors; changes in the macro-economic environment, including the depreciation of the Renminbi; and adverse changes in economic and political policies of the PRC government and its impact on the Chinese economy. Further information regarding these and other risks is included in Weibo's annual report on Form 20-Fs and other filings with the SEC. All information provided in this press release is current as of the date hereof, and Weibo assumes no obligation to update such information, except as required under applicable law.

Contact:

Investor Relations
Weibo Corporation

WEIBO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands of U.S. dollars, except per share data)

| | Three months ended | | | Six months ended | |
|---|--------------------|-------------------|------------------|-------------------|-------------------|
| | June 30, | | March 31, | June 30, | |
| | 2021 | 2020 | 2021 | 2021 | 2020 |
| Net revenues: | | | | | |
| Advertising and marketing | \$ 502,338 | \$ 340,584 | \$ 390,011 | \$ 892,349 | \$ 616,006 |
| Value-added service | 72,128 | 46,809 | 68,885 | 141,013 | 94,776 |
| Net revenues | <u>574,466</u> | <u>387,393</u> | <u>458,896</u> | <u>1,033,362</u> | <u>710,782</u> |
| Costs and expenses: | | | | | |
| Cost of revenues ⁽¹⁾ | 92,548 | 63,584 | 79,770 | 172,318 | 137,694 |
| Sales and marketing ⁽¹⁾ | 154,393 | 112,118 | 143,975 | 298,368 | 211,220 |
| Product development ⁽¹⁾ | 101,419 | 75,961 | 96,566 | 197,985 | 150,370 |
| General and administrative ⁽¹⁾ | 32,869 | 29,545 | 29,981 | 62,850 | 47,298 |
| Total costs and expenses | <u>381,229</u> | <u>281,208</u> | <u>350,292</u> | <u>731,521</u> | <u>546,582</u> |
| Income from operations | <u>193,237</u> | <u>106,185</u> | <u>108,604</u> | <u>301,841</u> | <u>164,200</u> |
| Non-operating income (loss): | | | | | |
| Impairment on, gain/loss on sale of and fair value change of investments, net | (76,814) | 117,379 | (58,200) | (135,014) | 114,441 |
| Interest and other income, net | 11,474 | 15,085 | 13,504 | 24,978 | 27,990 |
| | <u>(65,340)</u> | <u>132,464</u> | <u>(44,696)</u> | <u>(110,036)</u> | <u>142,431</u> |
| Income before income tax expenses | 127,897 | 238,649 | 63,908 | 191,805 | 306,631 |
| Provision of income taxes | (46,910) | (40,744) | (14,945) | (61,855) | (56,627) |
| Net income | 80,987 | 197,905 | 48,963 | 129,950 | 250,004 |
| Less: Net income (loss) attributable to non-controlling interests | (41) | (511) | (857) | (898) | (520) |
| Net income attributable to Weibo's shareholders | <u>\$ 81,028</u> | <u>\$ 198,416</u> | <u>\$ 49,820</u> | <u>\$ 130,848</u> | <u>\$ 250,524</u> |
| Basic net income per share attributable to Weibo's shareholders | <u>\$ 0.36</u> | <u>\$ 0.88</u> | <u>\$ 0.22</u> | <u>\$ 0.57</u> | <u>\$ 1.11</u> |
| Diluted net income per share attributable to Weibo's shareholders | <u>\$ 0.35</u> | <u>\$ 0.86</u> | <u>\$ 0.22</u> | <u>\$ 0.57</u> | <u>\$ 1.10</u> |
| Shares used in computing basic net income per share attributable to Weibo's shareholders | 228,099 | 226,678 | 227,771 | 227,936 | 226,535 |
| Shares used in computing diluted net income per share attributable to Weibo's shareholders | 229,555 | 233,983 | 229,302 | 229,429 | 227,129 |
| (1) Stock-based compensation in each category: | | | | | |
| Cost of revenues | \$ 1,827 | \$ 1,155 | \$ 1,413 | \$ 3,240 | \$ 2,502 |
| Sales and marketing | 3,298 | 2,047 | 2,251 | 5,549 | 4,263 |
| Product development | 10,137 | 7,543 | 8,076 | 18,213 | 14,452 |
| General and administrative | 5,206 | 4,149 | 4,013 | 9,219 | 8,971 |

WEIBO CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands of U.S. dollars)

| | June 30, 2021 | December 31, 2020 |
|---|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,005,106 | \$ 1,814,844 |
| Short-term investments | 930,822 | 1,682,048 |
| Accounts receivable, net | 631,209 | 492,010 |
| Prepaid expenses and other current assets | 587,293 | 296,757 |
| Amount due from SINA ⁽¹⁾ | <u>498,618</u> | <u>548,900</u> |

| | | |
|-------------------------------------|---------------------|---------------------|
| Current assets subtotal | 4,653,048 | 4,834,559 |
| Property and equipment, net | 61,033 | 60,632 |
| Goodwill and intangible assets, net | 270,781 | 208,688 |
| Long-term investments | 1,123,258 | 1,179,466 |
| Other non-current assets | 594,605 | 51,772 |
| Total assets | \$ 6,702,725 | \$ 6,335,117 |

Liabilities, Redeemable Non-controlling Interests and Shareholders' Equity

Liabilities:

Current liabilities:

| | | |
|--|------------------|----------------|
| Accounts payable | \$ 159,497 | \$ 149,509 |
| Accrued expenses and other current liabilities | 697,984 | 562,333 |
| Deferred revenues | 146,085 | 143,684 |
| Income tax payable | 89,100 | 102,844 |
| Current liabilities subtotal | 1,092,666 | 958,370 |

Long-term liabilities:

| | | |
|-----------------------------|------------------|------------------|
| Convertible debt | 894,470 | 892,399 |
| Unsecured senior notes | 1,537,264 | 1,536,112 |
| Other long-term liabilities | 70,707 | 61,906 |
| Total liabilities | 3,595,107 | 3,448,787 |

| | | |
|--------------------------------------|--------|--------|
| Redeemable non-controlling interests | 69,359 | 57,714 |
|--------------------------------------|--------|--------|

Shareholders' equity :

| | | |
|-----------------------------------|------------------|------------------|
| Weibo shareholders' equity | 3,010,038 | 2,812,425 |
| Non-controlling interests | 28,221 | 16,191 |
| Total shareholders' equity | 3,038,259 | 2,828,616 |

| | | |
|---|---------------------|---------------------|
| Total liabilities, redeemable non-controlling interests and shareholders' equity | \$ 6,702,725 | \$ 6,335,117 |
|---|---------------------|---------------------|

(1) Included short-term loans to and interest receivable from SINA of \$480.7 million as of June 30, 2021 and \$547.9 million as of December 31, 2020.

WEIBO CORPORATION
UNAUDITED RECONCILIATION OF NON-GAAP TO GAAP RESULTS
(In thousands of U.S. dollars, except per share data)

| | Three months ended | | | Six months ended | |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| | June 30, | | March 31, | June 30, | |
| | 2021 | 2020 | 2021 | 2021 | 2020 |
| Income from operations | \$ 193,237 | \$ 106,185 | \$ 108,604 | \$ 301,841 | \$ 164,200 |
| Add: Stock-based compensation | 20,468 | 14,894 | 15,753 | 36,221 | 30,188 |
| Amortization of intangible assets resulting from business acquisitions | 4,876 | 816 | 4,519 | 9,395 | 1,644 |
| Non-cash compensation cost to non-controlling interest shareholders | 4,649 | - | 8,631 | 13,280 | - |
| Non-GAAP income from operations | \$ 223,230 | \$ 121,895 | \$ 137,507 | \$ 360,737 | \$ 196,032 |
| Net income attributable to Weibo's shareholders | \$ 81,028 | \$ 198,416 | \$ 49,820 | \$ 130,848 | \$ 250,524 |
| Add: Stock-based compensation | 20,468 | 14,894 | 15,753 | 36,221 | 30,188 |
| Amortization of intangible assets resulting from business acquisitions | 4,876 | 816 | 4,519 | 9,395 | 1,644 |
| Non-cash compensation cost to non-controlling interest shareholders | 4,649 | - | 8,631 | 13,280 | - |
| Net results of impairment on, gain/loss on sale of and fair value change of investments | 76,814 | (117,379) | 58,200 | 135,014 | (114,441) |
| Non-GAAP to GAAP reconciling items on the share of equity method investments | (8,091) | 3,389 | (1,075) | (9,166) | (1,896) |
| Non-GAAP to GAAP reconciling items for the income/loss attributable to non-controlling interests | (198) | 112 | 359 | 161 | 115 |
| Tax effects on non-GAAP adjustments ⁽¹⁾ | 1,648 | 12,882 | (7,148) | (5,500) | 13,054 |
| Amortization of convertible debt and unsecured senior notes issuance cost | 1,611 | 1,369 | 1,612 | 3,223 | 2,738 |
| Non-GAAP net income attributable to Weibo's shareholders | \$ 182,805 | \$ 114,499 | \$ 130,671 | \$ 313,476 | \$ 181,926 |
| Non-GAAP diluted net income per share attributable to Weibo's shareholders | \$ 0.79 | \$ 0.50 | \$ 0.57 | \$ 1.35 | \$ 0.80 |

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Shares used in computing GAAP diluted net income per share attributable to Weibo's shareholders | 229,555 | 233,983 | 229,302 | 229,429 | 227,129 |
| Add: The number of shares for dilution resulted from convertible debt ⁽²⁾ | 6,753 | - | 6,753 | 6,753 | - |
| Shares used in computing non-GAAP diluted net income per share attributable to Weibo's shareholders | 236,308 | 233,983 | 236,055 | 236,182 | 227,129 |
| Adjusted EBITDA: | | | | | |
| Net income attributable to Weibo's shareholders | \$ 81,028 | \$ 198,416 | \$ 49,820 | \$ 130,848 | \$ 250,524 |
| Non-GAAP adjustments | 101,777 | (83,917) | 80,851 | 182,628 | (68,598) |
| Non-GAAP net income attributable to Weibo's shareholders | 182,805 | 114,499 | 130,671 | 313,476 | 181,926 |
| Interest income, net | (3,848) | (12,635) | (3,939) | (7,787) | (25,984) |
| Income tax expenses | 45,262 | 27,862 | 22,093 | 67,355 | 43,573 |
| Depreciation expenses | 8,204 | 6,074 | 7,909 | 16,113 | 12,048 |
| Adjusted EBITDA | \$ 232,423 | \$ 135,800 | \$ 156,734 | \$ 389,157 | \$ 211,563 |

(1) To exclude the provision for income tax primarily related to amortization of intangible assets resulting from business acquisitions and fair value change of investments. The Company considered the tax implication arising from the reconciliation items and part of these items recorded in entities in tax free jurisdictions were without relevant tax implications. For impairment on investments, valuation allowances were made for those differences as the Company does not expect they can be realized in the foreseeable future.

(2) To adjust the number of shares for dilution resulted from convertible debt which were anti-dilutive under GAAP measures.

* Net income attributable to Weibo's shareholders is adjusted for interest expense of convertible debt for calculating diluted EPS.

| WEIBO CORPORATION | | | | | |
|----------------------------------|--------------------|------------|------------|------------------|------------|
| UNAUDITED ADDITIONAL INFORMATION | | | | | |
| (In thousands of U.S. dollars) | | | | | |
| | Three months ended | | | Six months ended | |
| | June 30, | | March 31, | June 30, | |
| | 2021 | 2020 | 2021 | 2021 | 2020 |
| Net revenues | | | | | |
| Advertising and marketing | | | | | |
| Non-Ali advertisers | \$ 462,372 | \$ 304,838 | \$ 356,711 | \$ 819,083 | \$ 552,693 |
| Alibaba - as an advertiser | 39,966 | 35,746 | 33,300 | 73,266 | 63,313 |
| Subtotal | 502,338 | 340,584 | 390,011 | 892,349 | 616,006 |
| Value-added service | 72,128 | 46,809 | 68,885 | 141,013 | 94,776 |
| | \$ 574,466 | \$ 387,393 | \$ 458,896 | \$ 1,033,362 | \$ 710,782 |

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