



## JOYY Reports Second Quarter 2020 Unaudited Financial Results

August 12, 2020

GUANGZHOU, China, Aug. 13, 2020 (GLOBE NEWSWIRE) -- JOYY Inc. (NASDAQ: YY) ("JOYY" or the "Company," formerly known as YY Inc.), a global video-based social media platform, today announced its unaudited financial results for the second quarter of 2020.

### Second Quarter 2020 Financial Highlights<sup>1</sup>

- **Net revenues** increased by 36.3% to RMB5,840.1 million (US\$826.6 million) from RMB4,284.8 million in the corresponding period of 2019.
- **Net income from continuing operations attributable to controlling interest of JOYY Inc.**<sup>2</sup> was RMB619.4 million (US\$87.7 million), compared to net loss RMB6.1 million in the corresponding period of 2019, primarily due to the impact of income from fair value change in investment.
- **Non-GAAP net income from continuing operations attributable to controlling interest and common shareholders of JOYY Inc.**<sup>3</sup> increased by 38.3% to RMB493.6 million (US\$69.9 million) from RMB357.0 million in the corresponding period of 2019, primarily due to the decrease in the operation loss of Bigo Inc ("Bigo").

### Second Quarter 2020 Operational Highlights

- **Global average mobile MAUs**<sup>4</sup> increased by 21.0% to 457.1 million, among that 91.0% were from markets outside of China.
- **Average mobile MAUs of Likee** (formerly known as Like) increased by 86.2% to 150.3 million from 80.7 million in the corresponding period of 2019.
- **Average mobile MAUs of global live streaming services** increased by 20.4% to 102.3 million from 85.0 million in the corresponding period of 2019, among that (i) 41.2 million were from YY, which increased by 6.0% year over year; and (ii) 61.1 million were from outside of China, including 29.4 million from Bigo Live, which increased by 41.3% year over year, and 31.7 million from HAGO, which increased by 25.3% year over year.
- **Average mobile MAUs of video communication service** was 204.4 million.
- **Total number of paying users**<sup>5</sup> of YY decreased by 2.2% to 4.1 million from 4.2 million in the corresponding period of 2019, primarily due to the impact of COVID-19.

Mr. David Xueling Li, Chairman and Chief Executive Officer of JOYY, commented, "During the second quarter of 2020, we maintained our focus on empowering our live streaming and short-form video dual-growth engine as we continued to upgrade our platforms, localize our operations, and create joyful experiences for people around the world. To help people cope with the difficulties of COVID-19, we leveraged Bigo Live and our extensive global coverage to launch a series of online charity events, including a 24-hour non-stop globe charity concert, to enhance Bigo Live's brand recognition in various markets and fuel the platform's robust operating performance. As a result, during the quarter, Bigo Live's mobile MAUs and paying users achieved very impressive growth, and live streaming revenues of Bigo segment contributed more than half of our total live streaming revenues for the first time ever. On the short-form video front, we also focused on cultivating Likee's global ecosystem by diversifying its content offerings, refining its product features, and tailoring its expansion initiatives to different regions. Likee's total MAUs increased by 86.2% year over year to 150.3 million in the second quarter of 2020. Meanwhile, we also continued to pave the way for Hago's future growth by refining its social features to cultivate the platform's social atmosphere and enhance its monetization capabilities."

Mr. Li continued, "On the domestic front, we continued to strengthen our leadership in China's entertainment live streaming industry by further diversifying YY Live's live streaming content offerings through the introduction of new live streaming celebrity variety shows and more diverse live streaming channels. Looking ahead, we believe that our thriving global ecosystem will enable our network effects to strengthen, product matrix synergies to evolve, and user base to expand. Despite the outbreak of COVID-19 and resulting macroeconomic and geopolitical uncertainty, we believe that the global landscape for live streaming and short-form videos remains promising, and we plan to uphold our commitment to building a truly world-class video-based social media platform for all."

Mr. Bing Jin, Chief Financial Officer of JOYY, further commented, "Despite the myriad of challenges we have faced from the COVID-19 outbreak and geopolitical uncertainties, we once again delivered strong financial results. In the second quarter of 2020, our total revenues grew by 36.3% year over year to RMB5.84 billion, exceeding the high-end of our previous guidance. In particular, the Bigo segment's revenue grew by 148.8% year over year to RMB 3,062.7 million, mostly driven by live streaming revenue growth. While the impact of COVID-19 on the macro economy is generally impossible to predict, we are confident that the underlying strength of our business model, sufficient cash reserves, and strong cash generation capabilities will enable us to sustain our growth momentum going forward. As such, our long-term plans remain largely unchanged, and we will continue to invest in cultivating our global live streaming and short-form video ecosystem to empower our dual-growth engine."

### Second Quarter 2020 Financial Results

#### NET REVENUES

Net revenues increased by 36.3% to RMB5,840.1 million (US\$826.6 million) in the second quarter of 2020 from RMB4,284.8 million in the

corresponding period of 2019, primarily driven by an increase in live streaming revenues in Bigo segment.

Live streaming revenues increased by 40.1% to RMB5,607.7 million (US\$793.7 million) in the second quarter of 2020 from RMB4,001.3 million in the corresponding period of 2019, primarily attributable to the continued live streaming revenues growth in Bigo segment.

Other revenues decreased by 18.0% to RMB232.3 million (US\$32.9 million) in the second quarter of 2020 from RMB283.5 million in the corresponding period of 2019, primarily due to the decrease in other revenues in YY segment.

#### **COST OF REVENUES AND GROSS PROFIT**

Cost of revenues increased by 50.8% to RMB3,769.1 million (US\$533.5 million) in the second quarter of 2020 from RMB2,499.0 million in the corresponding period of 2019. Revenue-sharing fees and content costs increased to RMB2,597.4 million (US\$367.6 million) in the second quarter of 2020 from RMB1,793.7 million in the corresponding period of 2019 as a result of the increase in live streaming revenues of the Company. Bandwidth costs increased to RMB280.7 million (US\$39.7 million) in the second quarter of 2020 from RMB228.1 million in the corresponding period of 2019, as the overseas user base and time spent continued to expand following the consolidation of Bigo.

Gross profit increased by 16.0% to RMB2,071.0 million (US\$293.1 million) in the second quarter of 2020 from RMB1,785.7 million in the corresponding period of 2019. Gross margin was 35.5% in the second quarter of 2020, compared to 41.7% in the corresponding period of 2019. The gross margin contraction was primarily caused by the fact that Bigo segment had lower gross margin but contributed significantly greater portions of net revenues in the second quarter of 2020, compared to the corresponding period of 2019.

#### **OPERATING INCOME**

Operating expenses were RMB2,016.0 million (US\$285.3 million) in the second quarter of 2020, compared to RMB1,791.6 million in the corresponding period of 2019. Among the operating expenses, sales and marketing expenses decreased to RMB909.8 million (US\$128.8 million) in the second quarter of 2020 from RMB979.9 million in the corresponding period of 2019, primarily due to the Company's less spending in sales and marketing activities in overseas markets due to the COVID-19 outbreak. Research and development expenses increased to RMB693.5 million (US\$98.2 million) in the second quarter of 2020 from RMB550.0 million in the corresponding period of 2019, mostly due to the increasing headcount and investments in talent recruitment as part of the Company's efforts to enhance its research and development capabilities.

Operating income was RMB95.2 million (US\$13.5 million) in the second quarter of 2020, compared to RMB4.3 million in the corresponding period of 2019. Operating margin was 1.6% in the second quarter of 2020, compared to 0.1% in the corresponding period of 2019, primarily due to the decrease in operation loss of Bigo segment.

Non-GAAP operating income<sup>6</sup> increased by 24.6% to RMB509.3 million (US\$72.1 million) in the second quarter of 2020 from RMB408.7 million in the corresponding period of 2019. Non-GAAP operating margin<sup>7</sup> was 8.7% in the second quarter of 2020, compared to 9.5% in the corresponding period of 2019.

#### **NET INCOME**

Net income from continuing operations attributable to controlling interest of JOYY Inc. was RMB619.4 million (US\$87.7 million) in the second quarter of 2020, compared to net loss RMB6.1 million in the corresponding period of 2019. Net margin was 10.6% in the second quarter of 2020, compared to negative 0.1% in the corresponding period of 2019, mainly due to the income from fair value gain resulting in fair value change in an investment which recorded observable price change in the second quarter of 2020.

Non-GAAP net income from continuing operations attributable to controlling interest and common shareholders of JOYY Inc. increased by 38.3% to RMB493.6 million (US\$69.9 million) in the second quarter of 2020 from RMB357.0 million in the corresponding period of 2019. Non-GAAP net margin<sup>8</sup> increased to 8.5% in the second quarter of 2020 from 8.3% in the corresponding period of 2019.

#### **NET INCOME PER ADS**

Diluted net income from continuing operations per ADS<sup>9</sup> was RMB7.39 (US\$1.05) in the second quarter of 2020, compared to diluted net loss from continuing operations per ADS RMB0.28 in the corresponding period of 2019.

Non-GAAP diluted net income from continuing operations per ADS<sup>10</sup> increased by 27.2% to RMB5.57 (US\$0.79) in the second quarter of 2020 from RMB4.38 in the corresponding period of 2019.

#### **BALANCE SHEET AND CASH FLOWS**

As of June 30, 2020, the Company had cash and cash equivalents, restricted cash and cash equivalents, short-term deposits, restricted short-term deposits and short-term investments of RMB19,360.5 million (US\$2,740.3 million). For the second quarter of 2020, net cash from operating activities was RMB840.8 million (US\$119.0 million).

#### **SHARES OUTSTANDING**

As of June 30, 2020, the Company had a total of 1,616.1 million common shares, or the equivalent of 80.8 million ADSs, outstanding.

#### **Business Outlook**

For the third quarter of 2020, the Company expects net revenues to be between RMB5.85 billion and RMB6.00 billion, representing a year-over-year growth of 26.7% to 29.9%, excluding the revenue contribution from Huya in the same period of last year. This forecast considers the potential impact of the COVID-19 outbreak and reflects the Company's current and preliminary views on the market and operational conditions, which are subject to change, particularly as to the potential impact of the COVID-19 on the economy in China and elsewhere.

#### **Quarterly Dividend**

On August 11, 2020, the Company's board of directors approved a quarterly dividend policy for the next three years commencing in the second quarter of 2020. Under the policy, quarterly dividends will be set at approximately US\$25.0 million in each fiscal quarter. The board of directors has accordingly declared a dividend of US\$0.31 per ADS, or US\$0.0155 per common share, for the second quarter of 2020, which is expected to be paid on September 18, 2020 to shareholders of record as of the close of business on September 4, 2020. The ex-dividend date will be September 3, 2020. Under the policy, the board of directors of the Company reserves the discretion relating to the determination to make dividend distributions and the amount of such distributions in any particular quarter, depending on the Company's operations and earnings, cash flow, financial condition and other

relevant factors.

### **Recent Developments**

On August 10, 2020, the Company entered into a definitive share transfer agreement with Linen Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited ("Tencent"), pursuant to which the Company will transfer 30,000,000 Class B ordinary shares of HUYA Inc. (NYSE: HUYA) ("Huya"), a leading game live streaming platform in China, to Tencent for an aggregate purchase price of US\$810.0 million in cash. The share transfer is subject to customary closing conditions. Immediately after the closing of such share transfer, the Company would hold 38,374,463 Class B ordinary shares of Huya.

### **Conference Call Information**

The Company will hold a conference call on 9:00 PM U.S. Eastern Time on Wednesday, August 12, 2020 (9:00 AM Beijing/Hong Kong Time on Thursday, August 13, 2020) to discuss the financial results. Details for the conference call are as follows:

Event Title: JOYY's Second Quarter 2020 Earnings Conference Call  
Conference ID: #1085396

All participants must use the link provided below to complete the online registration process in advance of the conference call. Upon registering, each participant will receive a set of participant dial-in numbers, the Direct Event passcode, and a unique registrant ID by email.

PRE-REGISTER LINK:

<http://apac.directeventreg.com/registration/event/1085396>

A live and archived webcast of the conference call will also be available at the Company's investor relations website at <http://ir.yy.com/>.

The replay will be accessible through August 20, 2020, by dialing the following numbers:

United States: +1-646-254-3697  
International: +61-2-8199-0299  
Conference ID: #1085396

### **Exchange Rate**

This press release contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of readers. Unless otherwise noted, all translations from Renminbi to U.S. dollars, in this press release, were made at a rate of RMB7.0651 to US\$1.00, the noon buying rate in effect on June 30, 2020 in the City of New York for cable transfers in Renminbi per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York.

### **About JOYY Inc.**

JOYY Inc. is a global social media platform. The Company's highly engaged users contribute to a vibrant social community by creating, sharing, and enjoying a vast range of entertainment content and activities. JOYY enables users to interact with each other in real time through online live media and offers users a uniquely engaging and immersive entertainment experience. JOYY owns YY Live, a leading live streaming social media platform in China. In addition, JOYY completed the acquisition of Bigo in March 2019. Bigo is a fast-growing global tech company. Headquartered in Singapore, Bigo owns Bigo Live, a leading global live streaming platform outside China; Likee, a leading global short-form video social platform; and video communication service and others. JOYY has created an online community for global video and live streaming users. JOYY Inc. was listed on the NASDAQ in November 2012.

### **Safe Harbor Statement**

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the business outlook and quotations from management in this announcement, as well as JOYY's strategic and operational plans, contain forward-looking statements. JOYY may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission ("SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to fourth parties. Statements that are not historical facts, including statements about JOYY's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: JOYY's goals and strategies; JOYY's future business development, results of operations and financial condition; the expected growth of the online communication social platform market in China; the expectation regarding the rate at which to gain active users, especially paying users; JOYY's ability to monetize the user base; fluctuations in general economic and business conditions in China; the impact of the COVID-19 to JOYY's business operations and the economy in China and elsewhere generally; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in JOYY's filings with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and JOYY does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

### **Use of Non-GAAP Financial Measures**

The unaudited condensed consolidated financial information is prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). JOYY uses non-GAAP operating income, non-GAAP operating margin, non-GAAP net income from continuing operations attributable to controlling interest of JOYY Inc., non-GAAP net margin attributable to controlling interest of JOYY Inc., non-GAAP net income from continuing operations attributable to common shareholders of JOYY Inc., and basic and diluted non-GAAP net income per ADS, which are non-GAAP financial measures. Non-GAAP operating income is operating income excluding share-based compensation expenses, impairment of goodwill and investments, amortization of intangible assets from business acquisitions, and gain on disposal of subsidiaries and business. Non-GAAP operating margin is non-GAAP operating income as a percentage of net revenues. Non-GAAP net income from continuing operations is net income from continuing operations excluding share-based compensation expenses, impairment of goodwill and investments, amortization of intangible assets from business acquisitions, gain on disposal of subsidiaries and business, gain on disposal of investments, gain (loss) on fair value change of investments, reconciling items on the share of equity method investments, fair value change on derivatives, interest expenses related to the convertible bonds' amortization to face value, and income tax effects of above non-GAAP reconciling items. Non-GAAP net income from continuing operations attributable to controlling interest of JOYY Inc. is net income from continuing operations attributable to controlling interest of JOYY Inc.

excluding share-based compensation expenses, impairment of goodwill and investments, amortization of intangible assets from business acquisitions, gain on disposal of subsidiaries and business, gain on disposal of investments, gain (loss) on fair value change of investments, reconciling items on the share of equity method investments, fair value change on derivatives, interest expenses related to the convertible bonds' amortization to face value, income tax effects of above non-GAAP reconciling items and adjustments for non-GAAP reconciling items for the net (loss) income from continuing operations attributable to non-controlling interest shareholders. Non-GAAP net margin is non-GAAP net income from continuing operations attributable to controlling interest of JOYY Inc. as a percentage of net revenues. Non-GAAP net income from continuing operations attributable to common shareholders of JOYY Inc. is net income from continuing operations attributable to common shareholders of JOYY Inc. excluding share-based compensation expenses, impairment of goodwill and investments, amortization of intangible assets from business acquisitions, gain on disposal of subsidiaries and business, gain on disposal of investments, gain (loss) on fair value change of investments, reconciling items on the share of equity method investments, fair value change on derivatives, interest expenses related to the convertible bonds' amortization to face value, accretion, cumulative dividend and deemed dividend to subsidiaries' preferred shareholders and income tax effects of above non-GAAP reconciling items and adjustments for non-GAAP reconciling items for the net (loss) income from continuing operations attributable to non-controlling interest shareholders. After the non-GAAP reconciliation, non-GAAP net income from continuing operations attributable to controlling interests of JOYY Inc. is equal to the non-GAAP net income from continuing operations attributable to common shareholders of JOYY Inc. Basic and diluted non-GAAP net income from continuing operations per ADS is non-GAAP net income from continuing operations attributable to common shareholders of JOYY Inc. divided by weighted average number of ADS used in the calculation of basic and diluted net income per ADS. The Company believes that separate analysis and exclusion of the non-cash impact of above reconciling items adds clarity to the constituent parts of its performance. The Company reviews these non-GAAP financial measures together with GAAP financial measures to obtain a better understanding of its operating performance. It uses the non-GAAP financial measure for planning, forecasting and measuring results against the forecast. The Company believes that non-GAAP financial measure is useful supplemental information for investors and analysts to assess its operating performance without the non-cash effect of (i) share-based compensation expenses and amortization of intangible assets from business acquisitions, fair value change on derivatives, interest expenses related to the convertible bonds' amortization to face value, which have been and will continue to be significant recurring expenses in its business, (ii) impairment of goodwill and investments, gain on disposal of subsidiaries and business, gain on disposal of investments, gain (loss) on fair value change of investments, reconciling items on the share of equity method investments, and accretion, cumulative dividend and deemed dividend to subsidiaries' preferred shareholders, which may not be recurring in its business, and (iii) income tax expenses and non-GAAP adjustments for net (loss) income from continuing operations attributable to non-controlling interest shareholders, which are affected by above non-GAAP reconciling items. However, the use of non-GAAP financial measures has material limitations as an analytical tool. One of the limitations of using non-GAAP financial measures is that they do not include all items that impact the Company's net income for the period. In addition, because non-GAAP financial measures are not measured in the same manner by all companies, they may not be comparable to other similar titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure in isolation from or as an alternative to the financial measure prepared in accordance with U.S. GAAP.

The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, or as a substitute for, the financial information prepared and presented in accordance with U.S. GAAP. For more information on these non-GAAP financial measures, please see the table captioned "JOYY Inc. Reconciliation of GAAP and Non-GAAP Results" near the end of this release.

#### **Investor Relations Contact**

JOYY Inc.  
Matthew Zhao  
Maggie Yan  
Tel: +86 (20) 8212-0000  
Email: [IR@YY.com](mailto:IR@YY.com)

ICR, Inc.  
Jack Wang  
Tel: +1 (646) 915-1611  
Email: [IR@YY.com](mailto:IR@YY.com)

<sup>1</sup> On April 3, 2020, the Company transferred 16,523,819 Class B ordinary shares of HUYA Inc. (NYSE: HUYA) ("Huya") to Linen Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited ("Tencent") for an aggregate purchase price of approximately US\$262.6 million, pursuant to Tencent's exercise of its option to purchase additional shares of Huya from JOYY. Immediately after the closing of such share transfer, Tencent increased its voting power in Huya to 50.1% on a fully-diluted basis, or 50.9% calculated based on the then total issued and outstanding shares of Huya, and started to consolidate financial statements of Huya. Starting from the second quarter of 2020, the Company deconsolidated Huya and Huya's historical financial results are and will be reflected in the Company's consolidated financial statements as discontinued operations accordingly. The financial information and non-GAAP financial information disclosed in this press release is presented on a continuing operations basis, unless otherwise specifically stated. After the deconsolidation of Huya, the Company accounts for its investment in Huya as an equity method investment and apply the equity method accounting one quarter in arrears to enable the Company to provide its financial disclosures regardless of Huya's reporting schedule, which may be different with that of the Company. Share of income or loss from the investment in Huya will be included in net income or loss from continuing operations.

<sup>2</sup> Net income from continuing operations attributable to controlling interest of JOYY Inc., is net income from continuing operations less net (loss) income from continuing operations attributable to the non-controlling interest shareholders and the mezzanine equity classified as non-controlling interest shareholders.

<sup>3</sup> Non-GAAP net income from continuing operations attributable to controlling interest of JOYY Inc. is a non-GAAP financial measure, which is defined as net income from continuing operations attributable to controlling interest of JOYY Inc. excluding share-based compensation expenses, impairment of goodwill and investment, amortization of intangible assets from business acquisitions, gain on disposal of subsidiaries and business, gain on disposal of investments, gain (loss) on fair value change of investments, reconciling items on the share of equity method investments which refer to those similar non-GAAP reconciling items of the Company, fair value change on derivatives, interest expenses related to the convertible bonds amortization to face value, income tax effects on non-GAAP adjustments and non-GAAP adjustments for net (loss) income attributable to non-controlling interest shareholders. These adjustments amounted to reversal of RMB125.8 million (US\$17.8 million) and RMB363.1 million in the

second quarters of 2020 and 2019, respectively. Please refer to the section titled “Reconciliation of GAAP and Non-GAAP Results” for more details.

<sup>4</sup> Refers to mobile average monthly active users. Average mobile MAU for any period is calculated by dividing (i) the sum of the Company’s mobile active users for each month of such period, by (ii) the number of months in such period.

<sup>5</sup> Refers to a registered user that has purchased virtual items on YY’s platforms at least once during the period presented.

<sup>6</sup> Non-GAAP operating income is a non-GAAP financial measure, which is defined as operating income excluding share-based compensation expenses, amortization of intangible assets from business acquisitions, impairment of goodwill and investments and gain on disposal of subsidiaries and business. Please refer to the section titled “Reconciliation of GAAP and Non-GAAP Results” for details.

<sup>7</sup> Non-GAAP operating margin is a non-GAAP financial measure, which is defined as non-GAAP operating income as a percentage of net revenues. Please refer to the section titled “Reconciliation of GAAP and Non-GAAP Results” for details.

<sup>8</sup> Non-GAAP net margin is non-GAAP net income from continuing operations attributable to controlling interest of JOYY Inc. as a percentage of net revenues.

<sup>9</sup> ADS is American Depositary Share. Each ADS represents twenty Class A common shares of the Company. Diluted net income per ADS is net income attributable to common shareholders of JOYY Inc. divided by weighted average number of diluted ADS.

<sup>10</sup> Non-GAAP diluted net income from continuing operations per ADS is a non-GAAP financial measure, which is defined as non-GAAP net income from continuing operations attributable to common shareholders of JOYY Inc. divided by weighted average number of ADS used in the calculation of diluted net income per ADS. Please refer to the section titled “Reconciliation of GAAP and Non-GAAP Results” for details.

**JOYY INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(All amounts in thousands, except share, ADS and per ADS data)

|                                      | <b>December<br/>31,<br/>2019</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> |
|--------------------------------------|----------------------------------|------------------------------|------------------------------|
|                                      | RMB                              | RMB                          | US\$                         |
| <b>Assets</b>                        |                                  |                              |                              |
| <b>Current assets</b>                |                                  |                              |                              |
| Cash and cash equivalents            | 2,780,345                        | 4,756,617                    | 673,255                      |
| Restricted cash and cash equivalents | 3,500                            | 3,500                        | 495                          |
| Short-term deposits                  | 10,027,440                       | 10,171,997                   | 1,439,753                    |
| Restricted short-term deposits       | 653,034                          | 503,040                      | 71,201                       |
| Short-term investments               | 3,402,658                        | 3,925,328                    | 555,594                      |
| Accounts receivable, net             | 675,196                          | 946,684                      | 133,994                      |
| Amounts due from related parties     | 1,709                            | 13,581                       | 1,922                        |
| Financing receivables, net           | 105,344                          | 32,216                       | 4,560                        |
| Prepayments and other current assets | 569,730                          | 619,324                      | 87,661                       |
| Assets held for sale                 | 10,581,013                       | -                            | -                            |
| <b>Total current assets</b>          | <b>28,799,969</b>                | <b>20,972,287</b>            | <b>2,968,435</b>             |
| <b>Non-current assets</b>            |                                  |                              |                              |
| Deferred tax assets                  | 81,819                           | 82,732                       | 11,710                       |
| Investments <sup>(1)</sup>           | 1,983,483                        | 10,997,816                   | 1,556,640                    |
| Property and equipment, net          | 2,159,674                        | 2,374,904                    | 336,146                      |
| Land use rights, net                 | 1,736,544                        | 1,712,496                    | 242,388                      |
| Intangible assets, net               | 3,134,778                        | 2,813,681                    | 398,251                      |
| Right-of-use assets, net             | 172,783                          | 161,688                      | 22,885                       |
| Goodwill                             | 12,947,192                       | 13,138,748                   | 1,859,669                    |
| Financing receivables, net           | 129,380                          | 129,389                      | 18,314                       |
| Other non-current assets             | 289,131                          | 346,928                      | 49,104                       |

|   |                          |                          |                         |
|---|--------------------------|--------------------------|-------------------------|
| Assets held for sale  | 774,730                  | -                        | -                       |
| <b>Total non-current assets</b>                               | <u>23,409,514</u>        | <u>31,758,382</u>        | <u>4,495,107</u>        |
| <b>Total assets</b>   | <u><u>52,209,483</u></u> | <u><u>52,730,669</u></u> | <u><u>7,463,542</u></u> |
| <b>Liabilities, mezzanine equity and shareholders' equity</b> |                          |                          |                         |
| <b>Current liabilities</b>                                    |                          |                          |                         |
| Accounts payable  | 120,826                  | 132,177                  | 18,708                  |
| Deferred revenue  | 548,303                  | 572,704                  | 81,061                  |
| Advances from customers                                       | 99,130                   | 94,948                   | 13,439                  |
| Income taxes payable  | 425,572                  | 432,757                  | 61,253                  |
| Accrued liabilities and other current liabilities             | 3,150,303                | 3,282,825                | 464,654                 |
| Amounts due to related parties                                | 205,921                  | 31,105                   | 4,403                   |
| Lease liabilities due within one year                         | 83,686                   | 99,301                   | 14,055                  |
| Short-term loans  | 557,203                  | 1,062,770                | 150,425                 |
| Liabilities held for sale                                     | <u>2,446,677</u>         | <u>-</u>                 | <u>-</u>                |
| <b>Total current liabilities</b>                              | <u>7,637,621</u>         | <u>5,708,587</u>         | <u>807,998</u>          |
| <b>Non-current liabilities</b>                                |                          |                          |                         |
| Convertible bonds   | 5,008,571                | 5,293,255                | 749,212                 |
| Lease liabilities   | 92,669                   | 72,496                   | 10,261                  |
| Deferred revenue  | 75,628                   | 66,363                   | 9,393                   |
| Deferred tax liabilities                                      | 264,639                  | 319,475                  | 45,219                  |
| Other non-current liabilities                                 | 11,495                   | -                        | -                       |
| Liabilities held for sale                                     | <u>235,023</u>           | <u>-</u>                 | <u>-</u>                |
| <b>Total non-current liabilities</b>                          | <u>5,688,025</u>         | <u>5,751,589</u>         | <u>814,085</u>          |
| <b>Total liabilities</b>                                      | <u><u>13,325,646</u></u> | <u><u>11,460,176</u></u> | <u><u>1,622,083</u></u> |

**JOYY INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(All amounts in thousands, except share, ADS and per ADS data)

|  | <b>December<br/>31,<br/>2019</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> |
|--|----------------------------------|------------------------------|------------------------------|
|  | RMB                              | RMB                          | US\$                         |
| <b>Mezzanine equity</b>  | 466,071                          | 493,531                      | 69,855                       |
| <b>Shareholders' equity</b>  |                                  |                              |                              |
| Class A common shares (US\$0.00001 par value; 10,000,000,000 and 10,000,000,000 shares authorized, 1,301,845,404 shares issued and 1,293,162,504 shares outstanding as of December 31, 2019; 1,309,725,264 shares issued and 1,289,554,068 shares outstanding as of June 30, 2020, respectively) | 80                               | 80                           | 11                           |

|   |                   |                   |                  |
|---|-------------------|-------------------|------------------|
| Class B common shares (US\$0.00001 par value; 1,000,000,000 and 1,000,000,000 shares authorized, 326,509,555 and 326,509,555 shares issued and outstanding as of December 31, 2019 and June 30, 2020, respectively) | 24                | 24                | 3                |
| Treasury Shares (US\$0.00001 par value; 8,682,900 and 20,171,196 shares held as of December 31, 2019 and June 30, 2020, respectively)   | (168,072)         | (320,858)         | (45,415)         |
| Additional paid-in capital  | 21,921,562        | 22,372,972        | 3,166,689        |
| Statutory reserves  | 149,961           | 85,282            | 12,071           |
| Retained earnings   | 10,272,122        | 17,691,628        | 2,504,087        |
| Accumulated other comprehensive income  | 890,209           | 919,491           | 130,146          |
| <b>Total JOYY Inc.'s shareholders' equity</b>   | <u>33,065,886</u> | <u>40,748,619</u> | <u>5,767,592</u> |
| Non-controlling interests   | <u>5,351,880</u>  | <u>28,343</u>     | <u>4,012</u>     |
| <b>Total shareholders' equity<sup>(2)</sup></b>   | <u>38,417,766</u> | <u>40,776,962</u> | <u>5,771,604</u> |
| <b>Total liabilities, mezzanine equity and shareholders' equity</b>   | <u>52,209,483</u> | <u>52,730,669</u> | <u>7,463,542</u> |

- (1) Increase in the amounts of investments was mainly attributable to the Group's investment in Huya. On April 3rd, 2020, Huya ceased to be a subsidiary of the Company and the Company recognized its investment in Huya as an equity method investment.
- (2) On January 1, 2020, the Company adopted ASC326, "Financial Instruments-Credit Losses" using modified-retrospective transition approach. Following the adoption of this guidance, a cumulative-effect adjustment to shareholders' equity, amounting to RMB12.1 million, was recognized as of January 1, 2020.

**JOYY INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(All amounts in thousands, except share, ADS and per ADS data)

|   | Three Months Ended |                    |                    |                  | Six Months Ended   |                    |                  |
|---|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
|   | June 30, 2019      | March 31, 2020     | June 30, 2020      | June 30, 2020    | June 30, 2019      | June 30, 2020      | June 30, 2020    |
|   | RMB                | RMB                | RMB                | US\$             | RMB                | RMB                | US\$             |
| <b>Net revenues</b>                     |                    |                    |                    |                  |                    |                    |                  |
| Live streaming <sup>(1)</sup>           | 4,001,276          | 4,481,761          | 5,607,748          | 793,725          | 6,933,814          | 10,089,509         | 1,428,077        |
| Others                                  | 283,510            | 255,736            | 232,344            | 32,886           | 500,078            | 488,080            | 69,083           |
| <b>Total net revenues</b>               | <u>4,284,786</u>   | <u>4,737,497</u>   | <u>5,840,092</u>   | <u>826,611</u>   | <u>7,433,892</u>   | <u>10,577,589</u>  | <u>1,497,160</u> |
| Cost of revenues <sup>(2)</sup>         | <u>(2,499,048)</u> | <u>(3,008,678)</u> | <u>(3,769,095)</u> | <u>(533,481)</u> | <u>(4,301,268)</u> | <u>(6,777,773)</u> | <u>(959,332)</u> |
| <b>Gross profit</b>                     | <u>1,785,738</u>   | <u>1,728,819</u>   | <u>2,070,997</u>   | <u>293,130</u>   | <u>3,132,624</u>   | <u>3,799,816</u>   | <u>537,828</u>   |
| <b>Operating expenses<sup>(2)</sup></b> |                    |                    |                    |                  |                    |                    |                  |
| Research and development expenses       | (550,010)          | (566,164)          | (693,458)          | (98,153)         | (864,702)          | (1,259,622)        | (178,288)        |

|  |                    |                    |                    |                  |                    |                    |                  |
|--|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
| Sales and marketing expenses   | (979,902)          | (932,264)          | (909,825)          | (128,777)        | (1,435,974)        | (1,842,089)        | (260,731)        |
| General and administrative expenses  | (261,645)          | (198,136)          | (412,714)          | (58,416)         | (452,258)          | (610,850)          | (86,460)         |
| <b>Total operating expenses</b>  | <b>(1,791,557)</b> | <b>(1,696,564)</b> | <b>(2,015,997)</b> | <b>(285,346)</b> | <b>(2,752,934)</b> | <b>(3,712,561)</b> | <b>(525,479)</b> |
| Other income   | 10,075             | 20,810             | 40,243             | 5,696            | 69,899             | 61,053             | 8,641            |
| <b>Operating income</b>  | <b>4,256</b>       | <b>53,065</b>      | <b>95,243</b>      | <b>13,480</b>    | <b>449,589</b>     | <b>148,308</b>     | <b>20,990</b>    |
| Interest expenses  | (12,268)           | (124,515)          | (131,656)          | (18,635)         | (18,487)           | (256,171)          | (36,259)         |
| Interest income and investment income  | 81,598             | 114,393            | 162,519            | 23,003           | 175,302            | 276,912            | 39,194           |
| Foreign currency exchange gains (losses), net  | 13,014             | (11,979)           | 3,246              | 459              | 14,721             | (8,733)            | (1,236)          |
| Gain (loss) on deemed disposal and disposal of investments   | -                  | 108,903            | (13,444)           | (1,903)          | -                  | 95,459             | 13,511           |
| Gain on fair value change of investments   | 14,291             | 333,794            | 708,633            | 100,300          | 2,664,134          | 1,042,427          | 147,546          |
| Fair value change on derivatives   | -                  | 10,346             | 2,174              | 308              | -                  | 12,520             | 1,772            |
| Other non-operating expenses   | -                  | (12,000)           | (4,257)            | (603)            | -                  | (16,257)           | (2,301)          |
| <b>Income before income tax expenses</b>   | <b>100,891</b>     | <b>472,007</b>     | <b>822,458</b>     | <b>116,409</b>   | <b>3,285,259</b>   | <b>1,294,465</b>   | <b>183,217</b>   |
| Income tax expenses  | (122,264)          | (144,456)          | (187,246)          | (26,503)         | (227,267)          | (331,702)          | (46,949)         |
| <b>(Loss) income before share of income (loss) in equity method investments, net of income taxes</b>   | <b>(21,373)</b>    | <b>327,551</b>     | <b>635,212</b>     | <b>89,906</b>    | <b>3,057,992</b>   | <b>962,763</b>     | <b>136,268</b>   |
| Share of income (loss) in equity method investments, net of income taxes   | 6,991              | (12,091)           | (23,544)           | (3,332)          | 14,148             | (35,635)           | (5,044)          |
| <b>Net(loss) income from continuing operations</b>   | <b>(14,382)</b>    | <b>315,460</b>     | <b>611,668</b>     | <b>86,574</b>    | <b>3,072,140</b>   | <b>927,128</b>     | <b>131,224</b>   |
| <b>Net income from discontinued operations<sup>(3)</sup></b>   | <b>121,801</b>     | <b>171,226</b>     | <b>6,343,255</b>   | <b>897,830</b>   | <b>185,261</b>     | <b>6,514,481</b>   | <b>922,065</b>   |
| <b>Net income</b>  | <b>107,419</b>     | <b>486,686</b>     | <b>6,954,923</b>   | <b>984,404</b>   | <b>3,257,401</b>   | <b>7,441,609</b>   | <b>1,053,289</b> |
| Less: Net income (loss) attributable to the non-controlling interest shareholders and the mezzanine equity classified as non-controlling interest shareholders | 65,342             | 100,021            | (43,062)           | (6,095)          | 94,891             | 56,959             | 8,062            |
| <b>Net income attributable to controlling interest of JOYY Inc.</b>  | <b>42,077</b>      | <b>386,665</b>     | <b>6,997,985</b>   | <b>990,499</b>   | <b>3,162,510</b>   | <b>7,384,650</b>   | <b>1,045,227</b> |
| <b>Including:</b>  |                    |                    |                    |                  |                    |                    |                  |
| <b>Net (loss) income from continuing operations attributable to controlling interest of JOYY Inc.</b>  | <b>(6,140)</b>     | <b>320,138</b>     | <b>619,426</b>     | <b>87,674</b>    | <b>3,086,265</b>   | <b>939,564</b>     | <b>132,987</b>   |
| <b>Net income from discontinued operations attributable to controlling interest of JOYY Inc.</b>   | <b>48,217</b>      | <b>66,527</b>      | <b>6,378,559</b>   | <b>902,825</b>   | <b>76,245</b>      | <b>6,445,086</b>   | <b>912,240</b>   |



|  |          |         |           |         |           |           |           |
|--|----------|---------|-----------|---------|-----------|-----------|-----------|
| Less: Accretion of subsidiaries' redeemable convertible preferred shares to redemption value         | 9,476    | 9,705   | 9,865     | 1,396   | 18,841    | 19,570    | 2,770     |
| Cumulative dividend on subsidiary's Series A Preferred Shares  | 6,811    | 6,975   | 7,090     | 1,004   | 13,541    | 14,065    | 1,991     |
| <b>Net income attributable to common shareholders of JOYY Inc.</b>                                   | 25,790   | 369,985 | 6,981,030 | 988,099 | 3,130,128 | 7,351,015 | 1,040,466 |
| <b>Including:</b>  |          |         |           |         |           |           |           |
| <b>Net (loss) income from continuing operations attributable to common shareholders of JOYY Inc.</b> | (22,427) | 303,458 | 602,471   | 85,274  | 3,053,883 | 905,929   | 128,226   |
| <b>Net income from discontinued operations attributable to common shareholders of JOYY Inc.</b>      | 48,217   | 66,527  | 6,378,559 | 902,825 | 76,245    | 6,445,086 | 912,240   |

**JOYY INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)**  
(All amounts in thousands, except share, ADS and per ADS data)

|                                  | Three Months Ended |                |               | Six Months Ended |               |               |               |
|----------------------------------|--------------------|----------------|---------------|------------------|---------------|---------------|---------------|
|                                  | June 30, 2019      | March 31, 2020 | June 30, 2020 | June 30, 2020    | June 30, 2019 | June 30, 2020 | June 30, 2020 |
|                                  | RMB                | RMB            | RMB           | US\$             | RMB           | RMB           | US\$          |
| <b>Net income (loss) per ADS</b> |                    |                |               |                  |               |               |               |
| —Basic                           | 0.32               | 4.63           | 87.69         | 12.41            | 42.06         | 92.12         | 13.04         |
| Continuing operations            | (0.28)             | 3.79           | 7.57          | 1.07             | 41.04         | 11.35         | 1.61          |
| Discontinued operations          | 0.60               | 0.84           | 80.12         | 11.34            | 1.02          | 80.77         | 11.43         |
| —Diluted                         | 0.28               | 4.49           | 85.68         | 12.13            | 41.31         | 90.20         | 12.76         |
| Continuing operations            | (0.28)             | 3.73           | 7.39          | 1.05             | 40.38         | 11.12         | 1.57          |
| Discontinued operations          | 0.56               | 0.76           | 78.29         | 11.08            | 0.93          | 79.08         | 11.19         |

Weighted average number of ADS used in calculating net income (loss) per ADS

|          |            |            |            |            |            |            |            |
|----------|------------|------------|------------|------------|------------|------------|------------|
| —Basic   | 79,682,966 | 79,980,844 | 79,609,517 | 79,609,517 | 74,418,556 | 79,795,181 | 79,795,181 |
| —Diluted | 79,682,966 | 81,410,241 | 81,477,788 | 81,477,788 | 75,764,380 | 81,446,128 | 81,446,128 |

(1) Live streaming revenues by geographical areas were as follows:

|         | Three Months Ended |                |               | Six Months Ended |               |               |               |
|---------|--------------------|----------------|---------------|------------------|---------------|---------------|---------------|
|         | June 30, 2019      | March 31, 2020 | June 30, 2020 | June 30, 2020    | June 30, 2019 | June 30, 2020 | June 30, 2020 |
|         | RMB                | RMB            | RMB           | US\$             | RMB           | RMB           | US\$          |
| PRC     | 3,108,244          | 2,819,599      | 2,965,737     | 419,773          | 5,748,282     | 5,785,336     | 818,861       |
| Non-PRC | 893,032            | 1,662,162      | 2,642,011     | 373,952          | 1,185,532     | 4,304,173     | 609,216       |

(2) Share-based compensation was allocated in cost of revenues and operating expenses as follows:

**Three Months Ended** **Six Months Ended**

|                                     | <b>June<br/>30,<br/>2019</b> | <b>March<br/>31,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2019</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> |
|-------------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                     | RMB                          | RMB                           | RMB                          | US\$                         | RMB                          | RMB                          | US\$                         |
| Cost of revenues                    | 11,334                       | 11,649                        | 9,637                        | 1,364                        | 21,623                       | 21,286                       | 3,013                        |
| Research and development expenses   | 146,098                      | 88,000                        | 92,465                       | 13,088                       | 204,881                      | 180,465                      | 25,542                       |
| Sales and marketing expenses        | 2,545                        | 1,915                         | 2,024                        | 286                          | 3,617                        | 3,939                        | 558                          |
| General and administrative expenses | 55,696                       | 45,202                        | 91,019                       | 12,883                       | 99,495                       | 136,221                      | 19,281                       |

(3) Gain from the disposal and deconsolidation amounted to around RMB6.4 billion was reported as part of the net income from discontinued operations in the second quarter of 2020.

**JOYY INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP RESULTS**  
(All amounts in thousands, except share, ADS and per ADS data)

|  | <b>Three Months Ended</b>    |                               |                              |                              | <b>Six Months Ended</b>      |                              |                              |
|--|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  | <b>June<br/>30,<br/>2019</b> | <b>March<br/>31,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2019</b> | <b>June<br/>30,<br/>2020</b> | <b>June<br/>30,<br/>2020</b> |
|  | RMB                          | RMB                           | RMB                          | US\$                         | RMB                          | RMB                          | US\$                         |
| Operating income   | 4,256                        | 53,065                        | 95,243                       | 13,480                       | 449,589                      | 148,308                      | 20,990                       |
| Share-based compensation expenses  | 215,673                      | 146,766                       | 195,145                      | 27,621                       | 329,616                      | 341,911                      | 48,394                       |
| Impairment of goodwill and investments   | -                            | -                             | 43,861                       | 6,208                        | -                            | 43,861                       | 6,208                        |
| Amortization of intangible assets from business acquisitions                   | 188,740                      | 186,189                       | 175,043                      | 24,776                       | 250,740                      | 361,232                      | 51,129                       |
| <b>Non-GAAP operating income</b>   | <b>408,669</b>               | <b>386,020</b>                | <b>509,292</b>               | <b>72,085</b>                | <b>1,029,945</b>             | <b>895,312</b>               | <b>126,721</b>               |
| Net (loss) income from continuing operations                                   | (14,382)                     | 315,460                       | 611,668                      | 86,574                       | 3,072,140                    | 927,128                      | 131,224                      |
| Share-based compensation expenses  | 215,673                      | 146,766                       | 195,145                      | 27,621                       | 329,616                      | 341,911                      | 48,394                       |
| Impairment of goodwill and investments   | -                            | -                             | 43,861                       | 6,208                        | -                            | 43,861                       | 6,208                        |
| Amortization of intangible assets from business acquisitions                   | 188,740                      | 186,189                       | 175,043                      | 24,776                       | 250,740                      | 361,232                      | 51,129                       |
| (Gain) loss on deemed disposal and disposal of investments                     | -                            | (108,903)                     | 13,444                       | 1,903                        | -                            | (95,459)                     | (13,511)                     |
| Gain on fair value change of investments <sup>(1)</sup>                        | (14,291)                     | (333,794)                     | (708,633)                    | (100,300)                    | (2,664,134)                  | (1,042,427)                  | (147,546)                    |
| Reconciling items on the share of equity method investments <sup>(1)</sup>     | 959                          | 2,433                         | 8,805                        | 1,246                        | (4,536)                      | 11,238                       | 1,591                        |
| Fair value change on derivative  | -                            | (10,346)                      | (2,174)                      | (308)                        | -                            | (12,520)                     | (1,772)                      |
| Interest expenses related to the convertible bonds' amortization to face value | 4,287                        | 102,242                       | 106,908                      | 15,132                       | 4,287                        | 209,150                      | 29,603                       |
| Income tax effects on non-GAAP adjustments                                     | (31,891)                     | 20,555                        | 42,452                       | 6,009                        | (48,887)                     | 63,007                       | 8,918                        |

**Non-GAAP net income from continuing operations**

|  | <u>349,095</u> | <u>320,602</u> | <u>486,519</u> | <u>68,861</u> | <u>939,226</u> | <u>807,121</u> | <u>114,238</u> |
|--|----------------|----------------|----------------|---------------|----------------|----------------|----------------|
| Net (loss) income from continuing operations attributable to common shareholders of JOYY Inc.        | (22,427)       | 303,458        | 602,471        | 85,274        | 3,053,883      | 905,929        | 128,226        |
| Share-based compensation expenses  | 215,673        | 146,766        | 195,145        | 27,621        | 329,616        | 341,911        | 48,394         |
| Impairment of goodwill and investments   | -              | -              | 43,861         | 6,208         | -              | 43,861         | 6,208          |
| Amortization of intangible assets from business acquisitions   | 188,740        | 186,189        | 175,043        | 24,776        | 250,740        | 361,232        | 51,129         |
| (Gain) loss on deemed disposal and disposal of investments   | -              | (108,903)      | 13,444         | 1,903         | -              | (95,459)       | (13,511)       |
| Gain on fair value change of investments   | (14,291)       | (333,794)      | (708,633)      | (100,300)     | (2,664,134)    | (1,042,427)    | (147,546)      |
| Reconciling items on the share of equity method investments  | 959            | 2,433          | 8,805          | 1,246         | (4,536)        | 11,238         | 1,591          |
| Fair value change on derivative  | -              | (10,346)       | (2,174)        | (308)         | -              | (12,520)       | (1,772)        |
| Interest expenses related to the convertible bonds' amortization to face value                       | 4,287          | 102,242        | 106,908        | 15,132        | 4,287          | 209,150        | 29,603         |
| Accretion, cumulative dividend and deemed dividend to subsidiaries' preferred shareholders           | 16,287         | 16,680         | 16,955         | 2,400         | 32,382         | 33,635         | 4,761          |
| Income tax effects on non-GAAP adjustments   | (31,891)       | 20,555         | 42,452         | 6,009         | (48,887)       | 63,007         | 8,918          |
| Non-GAAP adjustments for net income (loss) attributable to the non-controlling interest shareholders | (342)          | 1,276          | (688)          | (97)          | (819)          | 588            | 83             |

**Non-GAAP net income from continuing operations attributable to controlling interest and common shareholders of JOYY Inc.**

|  | <u>356,995</u> | <u>326,556</u> | <u>493,589</u> | <u>69,864</u> | <u>952,532</u> | <u>820,145</u> | <u>116,084</u> |
|--|----------------|----------------|----------------|---------------|----------------|----------------|----------------|
|--|----------------|----------------|----------------|---------------|----------------|----------------|----------------|

**Non-GAAP net income from continuing operations per ADS**

|          |      |      |      |      |       |       |      |
|----------|------|------|------|------|-------|-------|------|
| —Basic   | 4.48 | 4.08 | 6.20 | 0.88 | 12.80 | 10.28 | 1.46 |
| —Diluted | 4.38 | 3.76 | 5.57 | 0.79 | 12.59 | 9.33  | 1.32 |

Weighted average number of ADS used in calculating Non-GAAP net income from continuing operations per ADS

|          |            |            |            |            |            |            |            |
|----------|------------|------------|------------|------------|------------|------------|------------|
| —Basic   | 79,682,966 | 79,980,844 | 79,609,517 | 79,609,517 | 74,418,556 | 79,795,181 | 79,795,181 |
| —Diluted | 81,855,180 | 91,837,341 | 91,904,888 | 91,904,888 | 75,764,380 | 91,873,228 | 91,873,228 |

- (1) Gain (loss) on fair value change of equity investees' investments was reclassified to the reconciling items on the equity method investments from gain on fair value change of investments.

**UNAUDITED SEGMENT REPORT**

(All amounts in thousands, except share, ADS and per ADS data)

**Three Months Ended  
June 30, 2020**

|   | YY                 | Bigo               | Elimination <sup>(1)</sup> | Total              | Total            |
|---|--------------------|--------------------|----------------------------|--------------------|------------------|
|   | RMB                | RMB                | RMB                        | RMB                | US\$             |
| <b>Net revenues</b>   |                    |                    |                            |                    |                  |
| Live streaming  | 2,661,788          | 2,945,960          | -                          | 5,607,748          | 793,725          |
| Others  | 115,618            | 116,726            | -                          | 232,344            | 32,886           |
| <b>Total net revenues</b>   | <u>2,777,406</u>   | <u>3,062,686</u>   | <u>-</u>                   | <u>5,840,092</u>   | <u>826,611</u>   |
| Cost of revenues <sup>(2)</sup>   | <u>(1,583,125)</u> | <u>(2,185,970)</u> | <u>-</u>                   | <u>(3,769,095)</u> | <u>(533,481)</u> |
| <b>Gross profit</b>   | <u>1,194,281</u>   | <u>876,716</u>     | <u>-</u>                   | <u>2,070,997</u>   | <u>293,130</u>   |
| <b>Operating expenses<sup>(2)</sup></b>   |                    |                    |                            |                    |                  |
| Research and development expenses   | (292,459)          | (400,999)          | -                          | (693,458)          | (98,153)         |
| Sales and marketing expenses  | (224,955)          | (684,870)          | -                          | (909,825)          | (128,777)        |
| General and administrative expenses   | <u>(232,427)</u>   | <u>(180,287)</u>   | <u>-</u>                   | <u>(412,714)</u>   | <u>(58,416)</u>  |
| <b>Total operating expenses</b>   | <u>(749,841)</u>   | <u>(1,266,156)</u> | <u>-</u>                   | <u>(2,015,997)</u> | <u>(285,346)</u> |
| Other income  | 31,679             | 8,564              | -                          | 40,243             | 5,696            |
| <b>Operating income (loss)</b>  | <u>476,119</u>     | <u>(380,876)</u>   | <u>-</u>                   | <u>95,243</u>      | <u>13,480</u>    |
| Other non-operating expenses  | -                  | (4,257)            | -                          | (4,257)            | (603)            |
| Interest expenses   | (126,282)          | (14,231)           | 8,857                      | (131,656)          | (18,635)         |
| Interest income and investment income   | 171,299            | 77                 | (8,857)                    | 162,519            | 23,003           |
| Foreign currency exchange gains, net  | 2,839              | 407                | -                          | 3,246              | 459              |
| Fair value change on derivatives  | 2,174              | -                  | -                          | 2,174              | 308              |
| Loss on deemed disposal and disposal of investments   | (13,444)           | -                  | -                          | (13,444)           | (1,903)          |
| Gain on fair value change of investments  | <u>708,633</u>     | <u>-</u>           | <u>-</u>                   | <u>708,633</u>     | <u>100,300</u>   |
| <b>Income (loss) before income tax expenses</b>   | <u>1,221,338</u>   | <u>(398,880)</u>   | <u>-</u>                   | <u>822,458</u>     | <u>116,409</u>   |
| Income tax (expenses) benefits  | (203,468)          | 16,222             | -                          | (187,246)          | (26,503)         |
| <b>Income (loss) before share of loss in equity method investments, net of income taxes</b> | <u>1,017,870</u>   | <u>(382,658)</u>   | <u>-</u>                   | <u>635,212</u>     | <u>89,906</u>    |
| Share of loss in equity method investments, net of income taxes                             | (23,544)           | -                  | -                          | (23,544)           | (3,332)          |
| <b>Net income (loss) from continuing operations</b>   | 994,326            | (382,658)          | -                          | 611,668            | 86,574           |

- (1) The elimination mainly consists of interest income and interest expenses generated from the loan between YY and Bigo segments.
- (2) Share-based compensation was allocated in cost of revenues and operating expenses as follows:

|                                     | <b>Three Months Ended</b> |             |              |              |
|-------------------------------------|---------------------------|-------------|--------------|--------------|
|                                     | <b>June 30, 2020</b>      |             |              |              |
|                                     | <b>YY</b>                 | <b>Bigo</b> | <b>Total</b> | <b>Total</b> |
|                                     | RMB                       | RMB         | RMB          | US\$         |
| Cost of revenues                    | 1,103                     | 8,534       | 9,637        | 1,364        |
| Research and development expenses   | 26,528                    | 65,937      | 92,465       | 13,088       |
| Sales and marketing expenses        | 816                       | 1,208       | 2,024        | 286          |
| General and administrative expenses | 53,199                    | 37,820      | 91,019       | 12,883       |

**JOYY INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF UNAUDITED SEGMENT REPORT**  
 (All amounts in thousands, except share, ADS and per ADS data)

|  | <b>Three Months Ended</b> |                  |                |               |
|--|---------------------------|------------------|----------------|---------------|
|  | <b>June 30, 2020</b>      |                  |                |               |
|  | <b>YY</b>                 | <b>Bigo</b>      | <b>Total</b>   | <b>Total</b>  |
|  | RMB                       | RMB              | RMB            | US\$          |
| Operating income (loss)  | 476,119                   | (380,876)        | 95,243         | 13,480        |
| Share-based compensation expenses  | 81,646                    | 113,499          | 195,145        | 27,621        |
| Impairment of goodwill and investments   | 43,861                    | -                | 43,861         | 6,208         |
| Amortization of intangible assets from business acquisitions                   | -                         | 175,043          | 175,043        | 24,776        |
| <b>Non-GAAP operating income (loss)</b>  | <u>601,626</u>            | <u>(92,334)</u>  | <u>509,292</u> | <u>72,085</u> |
| Net income (loss) from continuing operations                                   | 994,326                   | (382,658)        | 611,668        | 86,574        |
| Share-based compensation expenses  | 81,646                    | 113,499          | 195,145        | 27,621        |
| Impairment of goodwill and investments   | 43,861                    | -                | 43,861         | 6,208         |
| Amortization of intangible assets from business acquisitions                   | -                         | 175,043          | 175,043        | 24,776        |
| Loss on deemed disposal and disposal of investments                            | 13,444                    | -                | 13,444         | 1,903         |
| Gain on fair value change of investments                                       | (708,633)                 | -                | (708,633)      | (100,300)     |
| Reconciling items on the share of equity method investments                    | 8,805                     | -                | 8,805          | 1,246         |
| Fair value change on derivatives   | (2,174)                   | -                | (2,174)        | (308)         |
| Interest expenses related to the convertible bonds' amortization to face value | 106,908                   | -                | 106,908        | 15,132        |
| Income tax effects on non-GAAP adjustments                                     | 65,180                    | (22,728)         | 42,452         | 6,009         |
| <b>Non-GAAP net income (loss) from continuing operations</b>                   | <u>603,363</u>            | <u>(116,844)</u> | <u>486,519</u> | <u>68,861</u> |

**JOYY INC.**  
**UNAUDITED SEGMENT REPORT**  
(All amounts in thousands, except share, ADS and per ADS data)

**Three Months Ended**

**March 31, 2020**

|   | YY<br>RMB        | Bigo<br>RMB        | Elimination <sup>(1)</sup><br>RMB | Total<br>RMB       | Total<br>US\$    |
|---|------------------|--------------------|-----------------------------------|--------------------|------------------|
| <b>Net revenues</b>   |                  |                    |                                   |                    |                  |
| Live streaming  | 2,509,431        | 1,972,330          | -                                 | 4,481,761          | 632,946          |
| Others  | 121,141          | 134,595            | -                                 | 255,736            | 36,117           |
| <b>Total net revenues</b>   | <u>2,630,572</u> | <u>2,106,925</u>   | <u>-</u>                          | <u>4,737,497</u>   | <u>669,063</u>   |
| Cost of revenues <sup>(2)</sup>   | (1,540,085)      | (1,468,593)        | -                                 | (3,008,678)        | (424,907)        |
| <b>Gross profit</b>   | <u>1,090,487</u> | <u>638,332</u>     | <u>-</u>                          | <u>1,728,819</u>   | <u>244,156</u>   |
| <b>Operating expenses<sup>(2)</sup></b>   |                  |                    |                                   |                    |                  |
| Research and development expenses   | (269,811)        | (296,353)          | -                                 | (566,164)          | (79,958)         |
| Sales and marketing expenses  | (258,994)        | (673,270)          | -                                 | (932,264)          | (131,661)        |
| General and administrative expenses   | (114,940)        | (83,196)           | -                                 | (198,136)          | (27,982)         |
| <b>Total operating expenses</b>   | <u>(643,745)</u> | <u>(1,052,819)</u> | <u>-</u>                          | <u>(1,696,564)</u> | <u>(239,601)</u> |
| Other income  | 14,710           | 6,100              | -                                 | 20,810             | 2,939            |
| <b>Operating income (loss)</b>  | <u>461,452</u>   | <u>(408,387)</u>   | <u>-</u>                          | <u>53,065</u>      | <u>7,494</u>     |
| Other non-operating expenses  | (10,000)         | (2,000)            | -                                 | (12,000)           | (1,695)          |
| Interest expenses   | (122,238)        | (16,050)           | 13,773                            | (124,515)          | (17,585)         |
| Interest income and investment income   | 127,592          | 574                | (13,773)                          | 114,393            | 16,155           |
| Foreign currency exchange losses, net   | (5,436)          | (6,543)            | -                                 | (11,979)           | (1,692)          |
| Fair value change on derivative   | 10,346           | -                  | -                                 | 10,346             | 1,461            |
| Gain on deemed disposal and disposal of investments   | 108,903          | -                  | -                                 | 108,903            | 15,380           |
| Gain on fair value change of investments  | 333,794          | -                  | -                                 | 333,794            | 47,141           |
| <b>Income (loss) before income tax expenses</b>   | <u>904,413</u>   | <u>(432,406)</u>   | <u>-</u>                          | <u>472,007</u>     | <u>66,659</u>    |
| Income tax (expenses) benefits  | (163,393)        | 18,937             | -                                 | (144,456)          | (20,401)         |
| <b>Income (loss) before share of loss in equity method investments, net of income taxes</b> | <u>741,020</u>   | <u>(413,469)</u>   | <u>-</u>                          | <u>327,551</u>     | <u>46,258</u>    |
| Share of loss in equity method investments, net of income taxes                             | (12,091)         | -                  | -                                 | (12,091)           | (1,708)          |

|   |                |                  |          |                |               |
|---|----------------|------------------|----------|----------------|---------------|
| <b>Net income (loss) from continuing operations</b> | <u>728,929</u> | <u>(413,469)</u> | <u>-</u> | <u>315,460</u> | <u>44,550</u> |
|---|----------------|------------------|----------|----------------|---------------|

- (1) The elimination mainly consists of interest income and interest expenses generated from the loan between YY and Bigo segments.
- (2) Share-based compensation was allocated in cost of revenues and operating expenses as follows:

|                                     | <b>Three Months Ended</b> |             |              |              |
|-------------------------------------|---------------------------|-------------|--------------|--------------|
|                                     | <b>March 31, 2020</b>     |             |              |              |
|                                     | <b>YY</b>                 | <b>Bigo</b> | <b>Total</b> | <b>Total</b> |
|                                     | RMB                       | RMB         | RMB          | US\$         |
| Cost of revenues                    | 2,732                     | 8,917       | 11,649       | 1,645        |
| Research and development expenses   | 20,398                    | 67,602      | 88,000       | 12,428       |
| Sales and marketing expenses        | 793                       | 1,122       | 1,915        | 270          |
| General and administrative expenses | 36,768                    | 8,434       | 45,202       | 6,384        |

**JOYY INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF UNAUDITED SEGMENT REPORT**  
 (All amounts in thousands, except share, ADS and per ADS data)

|  | <b>Three Months Ended</b> |                  |                |               |
|--|---------------------------|------------------|----------------|---------------|
|  | <b>March 31, 2020</b>     |                  |                |               |
|  | <b>YY</b>                 | <b>Bigo</b>      | <b>Total</b>   | <b>Total</b>  |
|  | RMB                       | RMB              | RMB            | US\$          |
| Operating income (loss)  | 461,452                   | (408,387)        | 53,065         | 7,494         |
| Share-based compensation expenses  | 60,691                    | 86,075           | 146,766        | 20,727        |
| Amortization of intangible assets from business acquisitions                   | -                         | 186,189          | 186,189        | 26,295        |
| <b>Non-GAAP operating income (loss)</b>  | <u>522,143</u>            | <u>(136,123)</u> | <u>386,020</u> | <u>54,516</u> |
| Net income (loss) from continuing operations                                   | 728,929                   | (413,469)        | 315,460        | 44,550        |
| Share-based compensation expenses  | 60,691                    | 86,075           | 146,766        | 20,727        |
| Amortization of intangible assets from business acquisitions                   | -                         | 186,189          | 186,189        | 26,295        |
| Gain on deemed disposal and disposal of investments                            | (108,903)                 | -                | (108,903)      | (15,380)      |
| Gain on fair value change of investments                                       | (333,794)                 | -                | (333,794)      | (47,141)      |
| Reconciling items on the share of equity method investments                    | 2,433                     | -                | 2,433          | 344           |
| Fair value change on derivatives   | (10,346)                  | -                | (10,346)       | (1,461)       |
| Interest expenses related to the convertible bonds' amortization to face value | 102,242                   | -                | 102,242        | 14,439        |
| Income tax effects on non-GAAP adjustments                                     | 44,747                    | (24,192)         | 20,555         | 2,903         |
| <b>Non-GAAP net income (loss) from continuing operations</b>                   | <u>485,999</u>            | <u>(165,397)</u> | <u>320,602</u> | <u>45,276</u> |

**JOYY INC.**  
**UNAUDITED SEGMENT REPORT**  
(All amounts in thousands, except share, ADS and per ADS data)

**Three Months Ended**

June 30, 2019

|   | YY<br>RMB          | Bigo<br>RMB        | Elimination <sup>(1)</sup><br>RMB | Total<br>RMB       | Total<br>US\$    |
|---|--------------------|--------------------|-----------------------------------|--------------------|------------------|
| <b>Net revenues</b>   |                    |                    |                                   |                    |                  |
| Live streaming  | 2,863,058          | 1,138,218          | -                                 | 4,001,276          | 582,852          |
| Others  | 190,758            | 92,752             | -                                 | 283,510            | 41,298           |
| <b>Total net revenues</b>   | <u>3,053,816</u>   | <u>1,230,970</u>   | <u>-</u>                          | <u>4,284,786</u>   | <u>624,150</u>   |
| Cost of revenues <sup>(2)</sup>   | <u>(1,627,744)</u> | <u>(871,304)</u>   | <u>-</u>                          | <u>(2,499,048)</u> | <u>(364,027)</u> |
| <b>Gross profit</b>   | <u>1,426,072</u>   | <u>359,666</u>     | <u>-</u>                          | <u>1,785,738</u>   | <u>260,123</u>   |
| <b>Operating expenses<sup>(2)</sup></b>   |                    |                    |                                   |                    |                  |
| Research and development expenses   | (241,253)          | (308,757)          | -                                 | (550,010)          | (80,118)         |
| Sales and marketing expenses  | (335,602)          | (644,300)          | -                                 | (979,902)          | (142,739)        |
| General and administrative expenses   | (171,032)          | (90,613)           | -                                 | (261,645)          | (38,113)         |
| <b>Total operating expenses</b>   | <u>(747,887)</u>   | <u>(1,043,670)</u> | <u>-</u>                          | <u>(1,791,557)</u> | <u>(260,970)</u> |
| Other income  | 8,602              | 1,473              | -                                 | 10,075             | 1,468            |
| <b>Operating income (loss)</b>  | <u>686,787</u>     | <u>(682,531)</u>   | <u>-</u>                          | <u>4,256</u>       | <u>621</u>       |
| Interest expenses   | (12,268)           | (4,201)            | 4,201                             | (12,268)           | (1,787)          |
| Interest income and investment income   | 84,791             | 1,008              | (4,201)                           | 81,598             | 11,886           |
| Foreign currency exchange (losses) gains, net   | (4,181)            | 17,195             | -                                 | 13,014             | 1,896            |
| Gain on fair value change of investments  | 14,291             | -                  | -                                 | 14,291             | 2,082            |
| <b>Income (loss) before income tax expenses</b>   | <u>769,420</u>     | <u>(668,529)</u>   | <u>-</u>                          | <u>100,891</u>     | <u>14,698</u>    |
| Income tax (expenses) benefits  | (160,152)          | 37,888             | -                                 | (122,264)          | (17,810)         |
| <b>Income (loss) before share of income in equity method investments, net of income taxes</b> | <u>609,268</u>     | <u>(630,641)</u>   | <u>-</u>                          | <u>(21,373)</u>    | <u>(3,112)</u>   |
| Share of income in equity method investments, net of income taxes                             | 6,991              | -                  | -                                 | 6,991              | 1,018            |
| <b>Net income (loss) from continuing operations</b>   | <u>616,259</u>     | <u>(630,641)</u>   | <u>-</u>                          | <u>(14,382)</u>    | <u>(2,094)</u>   |

(1) The elimination mainly consists of interest income and interest expenses generated from the loan between YY and Bigo segments.



(2) Share-based compensation was allocated in cost of revenues and operating expenses as follows:

|                                     | <b>Three Months Ended</b> |             |              |              |
|-------------------------------------|---------------------------|-------------|--------------|--------------|
|                                     | <b>June 30, 2019</b>      |             |              |              |
|                                     | <b>YY</b>                 | <b>Bigo</b> | <b>Total</b> | <b>Total</b> |
|                                     | RMB                       | RMB         | RMB          | US\$         |
| Cost of revenues                    | 1,955                     | 9,379       | 11,334       | 1,651        |
| Research and development expenses   | 28,053                    | 118,045     | 146,098      | 21,282       |
| Sales and marketing expenses        | 655                       | 1,890       | 2,545        | 371          |
| General and administrative expenses | 43,189                    | 12,507      | 55,696       | 8,113        |

**JOYY INC.**  
**RECONCILIATION OF GAAP AND NON-GAAP RESULTS OF UNAUDITED SEGMENT REPORT**  
 (All amounts in thousands, except share, ADS and per ADS data)

|  | <b>Three Months Ended</b> |                  |                |               |
|--|---------------------------|------------------|----------------|---------------|
|  | <b>June 30, 2019</b>      |                  |                |               |
|  | <b>YY</b>                 | <b>Bigo</b>      | <b>Total</b>   | <b>Total</b>  |
|  | RMB                       | RMB              | RMB            | US\$          |
| Operating income (loss)  | 686,787                   | (682,531)        | 4,256          | 621           |
| Share-based compensation expenses  | 73,852                    | 141,821          | 215,673        | 31,417        |
| Amortization of intangible assets from business acquisitions                   | -                         | 188,740          | 188,740        | 27,493        |
| <b>Non-GAAP operating income (loss)</b>  | <u>760,639</u>            | <u>(351,970)</u> | <u>408,669</u> | <u>59,531</u> |
| Net income (loss) from continuing operations                                   | 616,259                   | (630,641)        | (14,382)       | (2,094)       |
| Share-based compensation expenses  | 73,852                    | 141,821          | 215,673        | 31,417        |
| Amortization of intangible assets from business acquisitions                   | -                         | 188,740          | 188,740        | 27,493        |
| Gain on fair value change of investments                                       | (14,291)                  | -                | (14,291)       | (2,082)       |
| Reconciling items on the share of equity method investments                    | 959                       | -                | 959            | 140           |
| Interest expenses related to the convertible bonds' amortization to face value | 4,287                     | -                | 4,287          | 624           |
| Income tax effects on non-GAAP adjustments                                     | 1,421                     | (33,312)         | (31,891)       | (4,645)       |
| <b>Non-GAAP net income (loss) from continuing operations</b>                   | <u>682,487</u>            | <u>(333,392)</u> | <u>349,095</u> | <u>50,853</u> |

Source: JOYY Inc.