



Sea Limited Reports First Quarter 2021 Results

Singapore, May 18, 2021 – Sea Limited (NYSE: SE) (“Sea” or the “Company”) today announced its financial results for the first quarter ended March 31, 2021.

First Quarter 2021 Highlights

- **Group**
 - Total GAAP revenue was US\$1.8 billion, up 146.7% year-on-year.
 - Total gross profit was US\$645.4 million, up 212.1% year-on-year.
 - Total adjusted EBITDA¹ was US\$88.1 million compared to US\$(69.9) million for the first quarter of 2020.

- **Digital Entertainment**
 - Bookings² were US\$1.1 billion, up 117.4% year-on-year.
 - Adjusted EBITDA¹ was US\$717.3 million, up 140.4% year-on-year.
 - Adjusted EBITDA represented 64.4% of bookings for the first quarter of 2021, compared to 58.2% for the first quarter of 2020.
 - GAAP revenue was US\$781.3 million, up 111.4% year-on-year.
 - Quarterly active users (“QAUs”) reached 648.8 million, an increase of 61.4% year-on-year.
 - Quarterly paying users grew by 123.5% year-on-year to 79.8 million, and represented 12.3% of QAUs for the first quarter compared to 8.9% for the same period in 2020.
 - Average bookings per user were US\$1.7, compared to US\$1.3 for the first quarter of 2020.
 - Our self-developed global hit game, *Free Fire*, continued to be the highest grossing mobile game in Latin America, Southeast Asia and India for the first quarter of 2021, according to App Annie³. *Free Fire* has maintained this leading position for the past seven consecutive quarters in Latin America and Southeast Asia, and two consecutive quarters in India.

- **E-commerce**
 - GAAP revenue was US\$922.3 million, up 250.4% year-on-year.
 - GAAP revenue included US\$715.9 million of GAAP marketplace revenue⁴, up 285.0% year-on-year, and US\$206.4 million of GAAP product revenue⁵, up 167.1% year-on-year.
 - Gross orders totaled 1.1 billion, an increase of 153.0% year-on-year.
 - Gross merchandise value (“GMV”) was US\$12.6 billion, an increase of 103.2% year-on-year.
 - Adjusted EBITDA¹ was US\$(412.9) million compared to US\$(264.1) million for the first quarter of 2020. Adjusted EBITDA loss per order decreased by 37.7% year-on-year to US\$0.38, compared to US\$0.61 for the first quarter of 2020.

- Both in Southeast Asia and in Taiwan, Shopee ranked first in the Shopping category by average monthly active users and total time spent in app on Android for the first quarter of 2021, according to App Annie³.
- In Indonesia, where Shopee further accelerated its year-on-year growth in gross orders, it continued to rank first by average monthly active users and total time spent in app on Android in the Shopping category for the first quarter of 2021, according to App Annie³.

Digital Financial Services Update

We continued to see strong growth in the adoption of SeaMoney’s offerings. Our mobile wallet total payment volume exceeded US\$3.4 billion for the first quarter of 2021, more than tripled that of the first quarter of 2020. Moreover, quarterly paying users for our mobile wallet services surpassed 26.1 million in the first quarter.

Conversions of Convertible Notes

Between March 5, 2021 (the date we last disclosed the outstanding principal amount of our convertible notes) and May 10, 2021, we issued an aggregate of approximately 4.8 million shares to settle conversions of our outstanding convertible notes, namely our 2.25% convertible senior notes due 2023 (the “2023 notes”) and our 1.00% convertible senior notes due 2024 (the “2024 notes”). In aggregate, such conversions are estimated to result in more than US\$8.3 million of saving to us in future interest payments.

As of May 10, 2021, we had 524,433,502 ordinary shares issued and outstanding and approximately US\$33.5 million, US\$825.1 million and US\$1.15 billion principal amount of the 2023 notes, 2024 notes and 2.375% convertible senior notes due 2025 remaining outstanding, respectively.

¹ For definitions of total adjusted EBITDA and adjusted EBITDA for digital entertainment and e-commerce segments, please refer to the “Non-GAAP Financial Measures” section.

² GAAP revenue for the digital entertainment segment plus change in digital entertainment deferred revenue. This operating metric is used as an approximation of cash spent by our users in the applicable period that is attributable to our digital entertainment segment.

³ Rankings data for App Annie is based on combined data from the Google Play and iOS App Stores, unless otherwise stated. Southeast Asia rankings are based on Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. Latin America rankings are based on Argentina, Brazil, Chile, Colombia, Mexico, and Uruguay.

⁴ GAAP marketplace revenue mainly consists of transaction-based fees and advertising income and revenue generated from other value-added services.

⁵ GAAP product revenue mainly consists of revenue generated from direct sales.

Unaudited Summary of Financial Results

(Amounts are expressed in thousands of US dollars “\$” except for per share data)

	For the Three Months ended March 31,		YOY%
	2020	2021	
	\$	\$	
Revenue			
Service revenue			
Digital Entertainment	369,683	781,335	111.4%
E-commerce and other services	266,545	772,382	189.8%
Sales of goods	78,692	209,927	166.8%
	<u>714,920</u>	<u>1,763,644</u>	146.7%
Cost of revenue			
Cost of service			
Digital Entertainment	(142,692)	(248,240)	74.0%
E-commerce and other services	(285,524)	(674,538)	136.2%
Cost of goods sold	(79,904)	(195,457)	144.6%
	<u>(508,120)</u>	<u>(1,118,235)</u>	120.1%
Gross profit	<u>206,800</u>	<u>645,409</u>	212.1%
Other operating income	25,316	75,088	196.6%
Sales and marketing expenses	(308,316)	(678,922)	120.2%
General and administrative expenses	(126,933)	(248,858) ⁽³⁾	96.1%
Research and development expenses	(64,586)	(141,130)	118.5%
Total operating expenses	<u>(474,519)</u>	<u>(993,822)</u>	109.4%
Operating loss	(267,719)	(348,413)	30.1%
Non-operating income (loss), net	11,235	(23,252)	(307.0)%
Income tax expense	(23,237)	(51,025)	119.6%
Share of results of equity investees	(1,070)	599	(156.0)%
Net loss	<u>(280,791)</u>	<u>(422,091)</u>	50.3%
Net loss excluding share-based compensation ⁽¹⁾	<u>(239,475)</u>	<u>(320,016)</u>	33.6%
Basic and diluted loss per share based on net loss excluding share-based compensation attributable to Sea Limited’s ordinary shareholders ⁽¹⁾	(0.52)	(0.62)	19.2%
Change in deferred revenue of Digital Entertainment	142,741	332,483	132.9%
Adjusted EBITDA for Digital Entertainment ⁽¹⁾	298,435	717,309	140.4%
Adjusted EBITDA for E-commerce ⁽¹⁾	(264,116)	(412,897)	56.3%
Adjusted EBITDA for Digital Financial Services ⁽¹⁾	(93,069)	(153,088)	64.5%
Adjusted EBITDA for Other Services ⁽¹⁾	(6,999)	(58,157) ⁽³⁾	730.9%
Unallocated expenses ⁽²⁾	(4,117)	(5,057)	22.8%
Total adjusted EBITDA ⁽¹⁾	<u>(69,866)</u>	<u>88,110</u>	(226.1)%

⁽¹⁾ For a discussion of the use of non-GAAP financial measures, see “Non-GAAP Financial Measures.”

⁽²⁾ Unallocated expenses are mainly related to share-based compensation and general and corporate administrative costs such as professional fees and other miscellaneous items that are not allocated to segments. These expenses are excluded from segment results as they are not reviewed by the Chief Operating Decision Maker (“CODM”) as part of segment performance.

⁽³⁾ Includes a one-time corporate donation of S\$50 million (US\$37.9 million) to the National University of Singapore (“NUS”).

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Revenue

Our total GAAP revenue increased by 146.7% to US\$1.8 billion in the first quarter of 2021 from US\$714.9 million in the first quarter of 2020. The increase was mainly driven by the growth in each of the segments detailed as follows:

- *Digital Entertainment:* GAAP revenue increased by 111.4% to US\$781.3 million in the first quarter of 2021 from US\$369.7 million in the first quarter of 2020. This increase was primarily due to the increase in our active user base as well as the deepened paying user penetration, and in particular, the continued success of our self-developed game *Free Fire*.
- *E-commerce and other services:* GAAP revenue increased by 189.8% to US\$772.4 million in the first quarter of 2021 from US\$266.5 million in the first quarter of 2020. This increase was primarily driven by the growth in the scale of our e-commerce marketplace, and increase in each of its revenue streams, including transaction-based fees, value-added services, and advertising. It benefited from our commitment to continuously enhance our service offerings as we strive to create greater value for our platform users.
- *Sales of goods:* GAAP revenue increased by 166.8% to US\$209.9 million in the first quarter of 2021 from US\$78.7 million in the first quarter of 2020, primarily due to the increase in our product offerings.

Cost of Revenue

Our total cost of revenue increased by 120.1% to US\$1.1 billion in the first quarter of 2021 from US\$508.1 million in the first quarter of 2020.

- *Digital Entertainment:* Cost of revenue increased by 74.0% to US\$248.2 million in the first quarter of 2021 from US\$142.7 million in the first quarter of 2020. The increase was largely in line with the increase in our digital entertainment revenue. Improvement in gross profit margins was largely due to higher revenue contribution from our self-developed game.
- *E-commerce and other services:* Cost of revenue for our e-commerce and other services segment combined increased by 136.2% to US\$674.5 million in the first quarter of 2021 from US\$285.5 million in the first quarter of 2020. The increase was primarily due to higher costs of the logistics and other value-added services that we provide to our users, and other costs incurred in line with the growth of our e-commerce marketplace. Improvement in gross profit margins was mainly due to improvement in our marketplace take-rate as we continue to enhance our service offerings.
- *Cost of goods sold:* Cost of goods sold increased by 144.6% to US\$195.5 million in the first quarter of 2021 from US\$79.9 million in the first quarter of 2020. The increase was largely in line with the increase in our revenue from sales of goods.

Other Operating Income

Our other operating income increased by 196.6% to US\$75.1 million in the first quarter of 2021 from US\$25.3 million in the first quarter of 2020. The increase was mainly attributable to the rebates from e-commerce related logistics services providers.

Sales and Marketing Expenses

Our total sales and marketing expenses increased by 120.2% to US\$678.9 million in the first quarter of 2021 from US\$308.3 million in the first quarter of 2020. The table below sets forth breakdown of the sales and marketing expenses of our major reporting segments. Amounts are expressed in thousands of US dollars (“\$”).

	For the Three Months ended March 31,		YOY%
	2020	2021	
Sales and Marketing Expenses	\$	\$	
Digital Entertainment	26,815	56,812	111.9%
E-commerce	206,044	451,554	119.2%
Digital Financial Services	71,331	151,909	113.0%

- *Digital Entertainment:* Sales and marketing expenses increased by 111.9% to US\$56.8 million in the first quarter of 2021 from US\$26.8 million in the first quarter of 2020. The increase was primarily due to higher online marketing costs as we continue to deepen the engagement with our gamers’ community.
- *E-commerce:* Sales and marketing expenses increased by 119.2% to US\$451.6 million in the first quarter of 2021 from US\$206.0 million in the first quarter of 2020. The increase was primarily attributable to the ramping up of marketing incentives and online marketing efforts as we continue investing in capturing market opportunities in full.
- *Digital Financial Services:* Sales and marketing expenses increased by 113.0% to US\$151.9 million in the first quarter of 2021 from US\$71.3 million in the first quarter of 2020. The increase was mainly due to our efforts to promote adoption of our mobile wallet services.

General and Administrative Expenses

Our general and administrative expenses increased by 96.1% to US\$248.9 million in the first quarter of 2021 from US\$126.9 million in the first quarter of 2020. This increase was primarily due to higher staff compensation-related expenses and benefit costs as well as a one-time corporate donation of S\$50 million (US\$37.9 million) to the National University of Singapore (“NUS”) to support research and education in the field of computing.

Research and Development Expenses

Our research and development expenses increased by 118.5% to US\$141.1 million in the first quarter of 2021 from US\$64.6 million in the first quarter of 2020, primarily due to the increase in research and development staff force.

Non-operating Income or Losses, Net

Non-operating income or losses mainly consist of interest income, interest expense, investment gain (loss) and foreign exchange gain (loss). We recorded a net non-operating loss of US\$23.3 million in the first quarter of 2021, compared to a net non-operating income of US\$11.2 million in the first quarter of 2020. Our non-operating loss in the first quarter of 2021 was primarily due to interest expenses on our outstanding convertible notes.

Income Tax Expense

We had a net income tax expense of US\$51.0 million and US\$23.2 million in the first quarter of 2021 and 2020, respectively. The income tax expense in the first quarter of 2021 was primarily due to corporate income tax and withholding tax expenses incurred by our digital entertainment segment.

Net Loss

As a result of the foregoing, we had net losses of US\$422.1 million and US\$280.8 million in the first quarter of 2021 and 2020, respectively.

Net Loss Excluding Share-based Compensation

Net loss excluding share-based compensation, was US\$320.0 million and US\$239.5 million in the first quarter of 2021 and 2020, respectively.

Basic and Diluted Loss Per Share Based on Net Loss Excluding Share-based Compensation Attributable to Sea Limited's Ordinary Shareholders

Basic and diluted loss per share based on net loss excluding share-based compensation, was US\$0.62 and US\$0.52 in the first quarter of 2021 and 2020, respectively.

Webcast and Conference Call Information

The Company's management will host a conference call today to review Sea's business and financial performance.

Details of the conference call and webcast are as follows:

Date and time: 7:30 AM U.S. Eastern Time on May 18, 2021
7:30 PM Singapore / Hong Kong Time on May 18, 2021

Webcast link: <https://services.choruscall.com/links/se210518.html>

Dial in numbers: US Toll Free: 1-888-317-6003 Hong Kong: 800-963-976
International: 1-412-317-6061 Singapore: 800-120-5863
United Kingdom: 08-082-389-063

Passcode for Participants: 3605660

A replay of the conference call will be available at the Company's investor relations website (www.sea.com/investor/home). An archived webcast will be available at the same link above.

For enquiries, please contact:

Investors / analysts: ir@sea.com

Media: media@sea.com

About Sea Limited

Sea Limited (NYSE: SE) is a leading global consumer internet company founded in Singapore in 2009. Our mission is to better the lives of consumers and small businesses with technology. We operate three core businesses across digital entertainment, e-commerce, as well as digital payments and financial services, known as Garena, Shopee, and SeaMoney, respectively. Garena is a leading global online games developer and publisher. Shopee is the largest pan-regional e-commerce platform in Southeast Asia and Taiwan. SeaMoney is a leading digital payments and financial services provider in Southeast Asia.

Forward-Looking Statements

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 “may,” “could,” “will,” “expect,” “anticipate,” “aim,” “future,” “intend,” “plan,” “believe,” “estimate,” “likely to,” “potential,” “confident,” “guidance,” and similar statements. Among other things, statements that are not historical facts, including statements about Sea’s beliefs and expectations, the business, financial and market outlook, and projections from its management in this announcement, as well as Sea’s strategic and operational plans, contain forward-looking statements. Sea may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “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 third parties. 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: Sea’s goals and strategies; its future business development, financial condition, financial results, and results of operations; the growth in, and market size of, the digital entertainment, e-commerce and digital financial services industries in the markets where it operates, including segments within those industries; expected changes in its revenue, costs or expenditures; its ability to continue to source, develop and offer new and attractive online games and to offer other engaging digital entertainment content; the growth of its digital entertainment, e-commerce and digital financial services businesses; its expectations regarding growth in its user base, level of engagement, and monetization; its ability to continue to develop new technologies and/or upgrade its existing technologies; its expectations regarding the use of proceeds from its financing activities, including its follow-on offerings and convertible notes offerings; growth and trends of its markets and competition in its industries; government policies and regulations relating to its industries; general economic and business conditions in its markets; and the impact of widespread health developments, including the COVID-19 pandemic, and the responses thereto (such as voluntary and in some cases, mandatory quarantines as well as shut downs and other restrictions on travel and commercial, social and other activities, and the availability of effective vaccines and treatments) which could, among other things, impact the business and manufacturing activities of its ecosystem participants, disrupt the global supply chain including those of its sellers on its platforms and merchant partners, and negatively affect consumer discretionary spending. Further information regarding these and other risks is included in Sea’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 Sea undertakes no obligation to update any forward-looking statement, except as required under applicable law.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use the following non-GAAP financial measures to help evaluate our operating performance:

- “Net loss excluding share-based compensation” represents net loss before share-based compensation. This financial measure helps to identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that are included in net loss. The use of this measure has its limitations in that it does not include all items that impact the net loss or income for the period, and share-based compensation are significant expenses.
- “Net loss excluding share-based compensation attributable to Sea Limited’s ordinary shareholders” represents net loss attributable to Sea Limited’s ordinary shareholders before share-based compensation. This financial measure helps to identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that are included in net loss. The use of this measure has its limitations in that it does not include all items that impact the net loss or income for the period, and share-based compensation are significant expenses.
- “Basic and diluted loss per share based on net loss excluding share-based compensation attributable to Sea Limited’s ordinary shareholders” represents net loss excluding share-based compensation attributable to Sea Limited’s ordinary shareholders divided by the weighted average number of shares outstanding during the period.
- “Adjusted EBITDA” for our digital entertainment segment represents operating income (loss) before share-based compensation plus (a) depreciation and amortization expenses, and (b) the net effect of changes in deferred revenue and its related cost for our digital entertainment segment. We believe that the segment adjusted EBITDA helps to identify underlying trends in our operating results, enhancing their understanding of the past performance and future prospects.
- “Adjusted EBITDA” for our e-commerce segment, digital financial services segment and other services segment represents operating income (loss) before share-based compensation plus depreciation and amortization expenses. We believe that the segment adjusted EBITDA helps to identify underlying trends in our operating results, enhancing their understanding of the past performance and future prospects.
- “Total adjusted EBITDA” represents the sum of adjusted EBITDA of all our segments combined, plus unallocated expenses. We believe that the total adjusted EBITDA helps to identify underlying trends in our operating results, enhancing their understanding of the past performance and future prospects.

These non-GAAP financial measures have limitations as analytical tools. None of the above financial measures should be considered in isolation or construed as an alternative to revenue, net loss/income, or any other measure of performance or as an indicator of our operating performance. These non-GAAP financial measures presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to Sea’s data. We compensate for these limitations by reconciling the non-GAAP financial measures to their nearest

U.S. GAAP financial measures, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on any single financial measure.

The tables below present selected financial information of our reporting segments, the non-GAAP financial measures that are most directly comparable to GAAP financial measures, and the related reconciliations between the financial measures. Amounts are expressed in thousands of US dollars (“\$”) except for number of shares & per share data.

	For the Three Months ended March 31, 2021					
	Digital Entertainment	E-commerce	Digital Financial Services	Other Services ⁽¹⁾	Unallocated expenses ⁽²⁾	Consolidated
	\$	\$	\$	\$	\$	\$
Operating income (loss)	431,864	(456,630)	(156,827)	(59,688) ⁽⁴⁾	(107,132)	(348,413)
Net effect of changes in deferred revenue and its related cost	277,539	-	-	-	-	277,539
Depreciation and Amortization	7,906	43,733	3,739	1,531	-	56,909
Share-based compensation	-	-	-	-	102,075	102,075
Adjusted EBITDA⁽³⁾	717,309	(412,897)	(153,088)	(58,157)⁽⁴⁾	(5,057)	88,110

	For the Three Months ended March 31, 2020					
	Digital Entertainment	E-commerce	Digital Financial Services	Other Services ⁽¹⁾	Unallocated expenses ⁽²⁾	Consolidated
	\$	\$	\$	\$	\$	\$
Operating income (loss)	174,037	(291,699)	(94,385)	(10,239)	(45,433)	(267,719)
Net effect of changes in deferred revenue and its related cost	118,543	-	-	-	-	118,543
Depreciation and Amortization	5,855	27,583	1,316	3,240	-	37,994
Share-based compensation	-	-	-	-	41,316	41,316
Adjusted EBITDA⁽³⁾	298,435	(264,116)	(93,069)	(6,999)	(4,117)	(69,866)

⁽¹⁾ A combination of multiple business activities that does not meet the quantitative thresholds to qualify as reportable segments are grouped together as “Other Services”.

⁽²⁾ Unallocated expenses are mainly related to share-based compensation and general and corporate administrative costs such as professional fees and other miscellaneous items that are not allocated to segments. These expenses are excluded from segment results as they are not reviewed by the CODM as part of segment performance.

⁽³⁾ Intersegment sales incentives are not included in the adjusted EBITDA calculation for e-commerce, digital financial services and other services segments.

⁽⁴⁾ Includes a one-time corporate donation of S\$50 million (US\$37.9 million) to NUS.

	For the Three Months ended March 31,	
	2020	2021
	\$	\$
Net loss	(280,791)	(422,091)
Share-based compensation	41,316	102,075
Net loss excluding share-based compensation	<u>(239,475)</u>	<u>(320,016)</u>
Net profit attributable to non-controlling interests	(722)	(599)
Net loss excluding share-based compensation attributable to Sea Limited's ordinary shareholders	<u>(240,197)</u>	<u>(320,615)</u>
Weighted average shares used in loss per share computation:		
Basic and diluted	462,194,052	514,780,897
Basic and diluted loss per share based on net loss excluding share-based compensation attributable to Sea Limited's ordinary shareholders	(0.52)	(0.62)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
Amounts expressed in thousands of US dollars (“\$”) except for number of shares & per share data

	For the Three Months ended March 31,	
	2020	2021
	\$	\$
Revenue		
Service revenue		
Digital Entertainment	369,683	781,335
E-commerce and other services	266,545	772,382
Sales of goods	78,692	209,927
Total revenue	714,920	1,763,644
Cost of revenue		
Cost of service		
Digital Entertainment	(142,692)	(248,240)
E-commerce and other services	(285,524)	(674,538)
Cost of goods sold	(79,904)	(195,457)
Total cost of revenue	(508,120)	(1,118,235)
Gross profit	206,800	645,409
Operating income (expenses):		
Other operating income	25,316	75,088
Sales and marketing expenses	(308,316)	(678,922)
General and administrative expenses	(126,933)	(248,858)
Research and development expenses	(64,586)	(141,130)
Total operating expenses	(474,519)	(993,822)
Operating loss	(267,719)	(348,413)
Interest income	9,291	7,518
Interest expense	(24,609)	(26,939)
Investment gain (loss), net	5,111	(9,462)
Changes in fair value of convertible notes	(87)	-
Foreign exchange gain	21,529	5,631
Loss before income tax and share of results of equity investees	(256,484)	(371,665)
Income tax expense	(23,237)	(51,025)
Share of results of equity investees	(1,070)	599
Net loss	(280,791)	(422,091)
Net profit attributable to non-controlling interests	(722)	(599)
Net loss attributable to Sea Limited’s ordinary shareholders	(281,513)	(422,690)
Loss per share:		
Basic and diluted	(0.61)	(0.82)
Weighted average shares used in loss per share computation:		
Basic and diluted	462,194,052	514,780,897

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
Amounts expressed in thousands of US dollars (“\$”)

	As of December 31, 2020	As of March 31, 2021
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	6,166,880	5,752,585
Restricted cash	859,192	1,084,807
Accounts receivable, net of allowance for credit losses of \$7,978 and \$6,605, as of December 31, 2020 and March 31, 2021 respectively	362,999	331,009
Prepaid expenses and other assets	1,054,229	990,776
Loans receivable, net of allowance for credit losses of \$20,872 and \$31,782, as of December 31, 2020 and March 31, 2021 respectively	285,937	453,297
Inventories, net	64,219	92,659
Short-term investments	126,099	309,687
Amounts due from related parties	19,449	11,052
Total current assets	8,939,004	9,025,872
Non-current assets		
Property and equipment, net	386,401	391,968
Operating lease right-of-use assets, net	234,555	236,632
Intangible assets, net	39,773	41,406
Long-term investments	190,482	243,666
Prepaid expenses and other assets	204,804	269,318
Loans receivable, net of allowance for credit losses of \$19,612 and \$17,689, as of December 31, 2020 and March 31, 2021 respectively	117,149	109,811
Restricted cash	27,321	25,240
Deferred tax assets	99,904	110,777
Goodwill	216,278	467,905
Total non-current assets	1,516,667	1,896,723
Total assets	10,455,671	10,922,595

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
Amounts expressed in thousands of US dollars (“\$”)

	As of December 31, 2020	As of March 31, 2021
	\$	\$
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current liabilities		
Accounts payable	121,637	152,875
Accrued expenses and other payables	2,033,461	2,158,788
Advances from customers	161,379	169,996
Amounts due to related parties	42,613	45,325
Operating lease liabilities	74,506	81,661
Deferred revenue	2,150,165	2,364,698
Income tax payable	52,306	104,260
Total current liabilities	4,636,067	5,077,603
Non-current liabilities		
Accrued expenses and other payables	36,159	60,198
Operating lease liabilities	177,870	174,731
Deferred revenue	343,297	410,440
Convertible notes	1,840,406	1,757,583
Deferred tax liabilities	1,526	1,476
Unrecognized tax benefits	107	107
Total non-current liabilities	2,399,365	2,404,535
Total liabilities	7,035,432	7,482,138

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
Amounts expressed in thousands of US dollars (“\$”)

	As of December 31, 2020	As of March 31, 2021
	\$	\$
Shareholders’ equity		
Class A Ordinary shares	179	183
Class B Ordinary shares	76	76
Additional paid-in capital	8,526,571	8,987,042
Accumulated other comprehensive income (loss)	4,681	(12,313)
Statutory reserves	2,363	2,363
Accumulated deficit	(5,150,958)	(5,573,648)
Total Sea Limited shareholders’ equity	3,382,912	3,403,703
Non-controlling interests	37,327	36,754
Total shareholders’ equity	3,420,239	3,440,457
Total liabilities and shareholders’ equity	10,455,671	10,922,595

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Amounts expressed in thousands of US dollars (“\$”)

	For the Three Months ended March 31,	
	2020	2021
	\$	\$
Net cash (used in) generated from operating activities	(63,350)	318,279
Net cash used in investing activities	(238,069)	(504,313)
Net cash (used in) generated from financing activities	(94,083)	41,562
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(51,771)	(46,289)
Net decrease in cash, cash equivalents and restricted cash	(447,273)	(190,761)
Cash, cash equivalents and restricted cash at beginning of the period	3,570,578	7,053,393
Cash, cash equivalents and restricted cash at end of the period	<u>3,123,305</u>	<u>6,862,632</u>

As previously disclosed in our earnings release for the second quarter of 2020, we made a reallocation of certain items that were reported in net cash used in operating activities for the first quarter of 2020 to net cash used in investing and financing activities for that period. The cash flow numbers for the first quarter of 2020 as shown in the above table have reflected such reallocation.

UNAUDITED SEGMENT INFORMATION

The Company has three reportable segments, namely digital entertainment, e-commerce and digital financial services. The Chief Operating Decision Maker (“CODM”) reviews the performance of each segment based on revenue and certain key operating metrics of the operations and uses these results for the purposes of allocating resources to and evaluating the financial performance of each segment. Amounts are expressed in thousands of US dollars (“\$”).

	For the Three Months ended March 31, 2021					Consolidated
	Digital Entertainment	E-commerce	Digital Financial Services	Other Services ⁽¹⁾	Unallocated expenses ⁽²⁾	
	\$	\$	\$	\$	\$	\$
Revenue	781,335	922,294	51,302	8,713	-	1,763,644
Operating income (loss)	431,864	(456,630)	(156,827)	(59,688) ⁽³⁾	(107,132)	(348,413)
Non-operating loss, net						(23,252)
Income tax expense						(51,025)
Share of results of equity investees						599
Net loss						<u>(422,091)</u>

	For the Three Months ended March 31, 2020					Consolidated
	Digital Entertainment	E-commerce	Digital Financial Services	Other Services ⁽¹⁾	Unallocated expenses ⁽²⁾	
	\$	\$	\$	\$	\$	\$
Revenue	369,683	263,195	10,345	71,697	-	714,920
Operating income (loss)	174,037	(291,699)	(94,385)	(10,239)	(45,433)	(267,719)
Non-operating income, net						11,235
Income tax expense						(23,237)
Share of results of equity investees						(1,070)
Net loss						<u>(280,791)</u>

⁽¹⁾ A combination of multiple business activities that does not meet the quantitative thresholds to qualify as reportable segments are grouped together as “Other Services”.

⁽²⁾ Unallocated expenses are mainly related to share-based compensation and general and corporate administrative costs such as professional fees and other miscellaneous items that are not allocated to segments. These expenses are excluded from segment results as they are not reviewed by the CODM as part of segment performance.

⁽³⁾ Includes a one-time corporate donation of S\$50 million (US\$37.9 million) to NUS.