

21Vianet Group, Inc. Reports Unaudited Second Quarter 2020 Financial Results

August 19, 2020

BEIJING, Aug. 19, 2020 (GLOBE NEWSWIRE) -- 21Vianet Group, Inc. (Nasdaq: VNET) ("21Vianet" or the "Company"), a leading carrier- and cloudneutral Internet data center services provider in China, today announced its unaudited financial results for the second quarter ended June 30, 2020. The Company will hold a conference call at 8:00 A.M. on August 19, 2020, U.S. Eastern Time to discuss the financial results. Dial-in details are provided at the end of this release.

Second Quarter 2020 Financial Highlights

- Net revenues increased by 28.8% to RMB1.14 billion (US\$161.9 million) from RMB888.0 million in the same period of 2019.
- Adjusted cash gross profit (non-GAAP) increased by 15.8% to RMB467.6 million (US\$66.2 million) from RMB403.8 million in the same period of 2019. Adjusted cash gross margin (non-GAAP) was 40.9%, compared to 45.5% in the same period of 2019 and 38.2% in the first quarter of 2020.
- Adjusted EBITDA (non-GAAP) increased by 17.5% to RMB306.4 million (US\$43.4 million) from RMB260.7 million in the same period of 2019. Adjusted EBITDA margin (non-GAAP) was 26.8%, compared to 29.4% in the same period of 2019 and 23.8% in the first quarter of 2020.

Second Quarter 2020 Operational Highlights

- Retail IDC MRR¹ per cabinet increased slightly to RMB8,953 in the second quarter of 2020, compared to RMB8,663 in the same period of 2019 and RMB8,747 in the first quarter of 2020.
- Total cabinets under management net increased by 4,404 to 44,050 as of June 30, 2020, compared to 39,646 as of March 31, 2020, and 31,111 as of June 30, 2019.
- Compound utilization rate in the second quarter of 2020 improved to 61.4% from 60.4% in the first quarter of 2020, mainly reflecting the ongoing ramp-up of different stages of cabinets.

° Utilization rate for mature IDCs delivered prior to 2019 improved to 73.6% in the second quarter of 2020 from 72.3% in the first quarter of 2020.

^o Utilization rate for newly-built and ramp-up IDCs delivered since 2019 improved to 30.1% in the second quarter of 2020, compared to 12.3% in the first quarter of 2020.

Ms. Sharon Liu, Chief Financial Officer of the Company, commented, "As illustrated by the significant improvement to our bottom line, we achieved a strong financial performance in the second quarter of 2020. During the quarter, we continued to expand our cabinet capacity in line with our long-term growth plan, adding 4,404 new cabinets in the period. We also improved our operating efficiency and continued to serve first-rate companies to increase our utilization rates. The Blackstone investment and increasing lines of credit from banks that we received in the quarter have further endorsed our industry leadership and development potential going forward. Looking ahead, we plan to maintain our consistent growth trajectory while also gradually improving our profitability to deliver increasing shareholder returns over the long term."

Second Quarter 2020 Financial Results

NET REVENUES: Net revenues in the second quarter of 2020 increased by 28.8% to RMB1.14 billion (US\$161.9 million) from RMB888.0 million in the second quarter of 2019, representing an increase of 4.9% from RMB1.09 billion in the first quarter of 2020. This increase was mainly due to the growing demand for IDC services, which was caused by the long-term trend of corporate digitization across China.

GROSS PROFIT: Gross profit in the second quarter of 2020 was RMB272.3 million (US\$38.5 million), representing an increase of 19.3% from RMB228.2 million in the same period of 2019 and an increase of 16.3% from RMB234.1 million in the first quarter of 2020. Gross margin in the second quarter of 2020 was 23.8%, compared to 25.7% in the same period of 2019 and 21.5% in the first quarter of 2020. The year-over-year decrease in gross margin was mainly due to the delivery of additional IDC capacity and the fact that the utilization rates of these newly-added cabinets require additional time to ramp up.

ADJUSTED CASH GROSS PROFIT, which excludes depreciation, amortization, and share-based compensation expenses, was RMB467.6 million (US\$66.2 million) in the second quarter of 2020, compared to RMB403.8 million in the same period of 2019 and RMB417.1 million in the first quarter of

¹Retail IDC MRR: Refers to Monthly Recurring Revenues for the retail IDC business.

Mr. Alvin Wang, Chief Executive Officer and President of the Company, stated, "We concluded the second quarter of 2020 with strong financial and operational results despite the lingering impact of COVID-19. This solid quarterly performance was mainly driven by our on-track expansion of cabinet capacity in strategic markets as well as our strong sales momentum in both the wholesale and retail IDC space. During the quarter, we expanded our IDC capacity by 4,404 cabinets, continued to fortify our resources and pipeline capacity, as well as appointed a seasoned industry veteran to oversee our Retail IDC Business Group. We believe that these are clear-cut demonstrations of our team's strong execution capabilities. In light of these advances, we remain confident in our ability to meet our growth target and continue satisfying customer demand."

2020. Adjusted cash gross margin in the second quarter of 2020 was 40.9%, compared to 45.5% in the same period of 2019 and 38.2% in the first quarter of 2020.

OPERATING EXPENSES: Total operating expenses in the second quarter of 2020 were RMB193.5 million (US\$27.4 million), compared to RMB168.2 million in the same period of 2019 and RMB197.4 million in the first quarter of 2020. As a percentage of net revenues, total operating expenses decreased to 16.9% in the second quarter of 2020 from 18.9% in the same period of 2019 and 18.1% in the first quarter of 2020.

Sales and marketing expenses in the second quarter of 2020 were RMB51.7 million (US\$7.3 million), representing an increase of 10.8% from RMB46.6 million in the same period of 2019 and an increase of 6.0% from RMB48.7 million in the first quarter of 2020. The increase in sales and marketing expenses was due to the Company's efforts to grow its customer base, strengthen its relationships with large-scale customers, and further develop its value-added services.

Research and development expenses in the second quarter of 2020 were RMB23.7 million (US\$3.4 million), representing an increase of 25.9% from RMB18.8 million in the same period of 2019 and an increase of 12.8% from RMB21.0 million in the first quarter of 2020. The increase was mainly attributable to the Company's ongoing investments in technology upgrades.

General and administrative expenses in the second quarter of 2020 were RMB119.5 million (US\$16.9 million), representing an increase of 16.8% from RMB102.3 million in the same period of 2019 and a decrease of 4.6% from RMB125.2 million in the first quarter of 2020. The year-over-year increase in general and administrative expenses was mainly attributable to increased share-based compensation expenses in connection with the employment of more experienced staff, while the quarter-over-quarter decrease in general and administrative expenses was mainly attributable to the Company's ongoing work to improve its operating efficiency.

ADJUSTED OPERATING EXPENSES, which exclude share-based compensation expenses, increased to RMB182.5 million (US\$25.8 million) in the second quarter of 2020, representing an increase of 13.1% from RMB161.3 million in the second quarter of 2019 and an increase of 2.6% from RMB177.8 million in the first quarter of 2020. As a percentage of net revenues, adjusted operating expenses reduced to 15.9% in the second quarter of 2020 from 18.2% in the same period of 2019 and 16.3% in the first quarter of 2020.

ADJUSTED EBITDA: Adjusted EBITDA in the second quarter of 2020 increased to RMB306.4 million (US\$43.4 million), representing an increase of 17.5% from RMB260.7 million in the same period of 2019 and an increase of 18.1% from RMB259.4 million in the first quarter of 2020. Adjusted EBITDA in the second quarter of 2020 excluded share-based compensation expenses of RMB11.6 million (US\$1.6 million). Adjusted EBITDA margin was 26.8% in the second quarter of 2020, compared to 29.4% in the same period of 2019 and 23.8% in the first quarter of 2020.

NET PROFIT/LOSS: Net loss attributable to ordinary shareholders in the second quarter of 2020 was RMB2.12 billion (US\$300.5 million), compared to RMB102.1 million in the same period of 2019 and RMB138.8 million in the first quarter of 2020. Net loss attributable to ordinary shareholders in the second quarter of 2020 mainly included changes in the fair value of convertible promissory notes of RMB1.61 billion (US\$228.2 million) due to the rise in the Company's stock price, and a deemed distribution of RMB470.6 million (US\$66.6 million) from the issuance of Series A perpetual convertible preferred shares, both of which were non-operation related and non-cash loss.

PROFIT/LOSS PER SHARE: Basic and diluted loss per share were RMB3.21 (US\$0.45) in the second quarter of 2020, which represents the equivalent of RMB19.26 (US\$2.70) per American depositary share ("ADS"). Each ADS represents six Class A ordinary shares. Diluted loss per share is calculated using net loss attributable to ordinary shareholders divided by the weighted average number of diluted shares outstanding.

As of June 30, 2020, the aggregate amount of the Company's cash and cash equivalents, restricted cash, and short-term investments were RMB4.98 billion (US\$704.9 million).

Net cash generated from operating activities in the second quarter of 2020 was RMB161.8 million (US\$22.9 million), compared to RMB127.1 million in the same period of 2019 and RMB58.7 million in the first quarter of 2020. The Company paid off the remaining US\$131 million of its 2020 Notes in early August.

Financial Outlook

For the third quarter of 2020, the Company expects net revenues to be in the range of RMB1,230 million to RMB1,250 million. Adjusted EBITDA is expected to be in the range of RMB340 million to RMB360 million.

For the full year of 2020, the Company expects net revenues to be in the range of RMB4,700 million to RMB4,900 million. Adjusted EBITDA is expected to be in the range of RMB1,280 million to RMB1,380 million. The midpoints of the Company's updated estimates imply an increase of 26.7% year over year both in net revenues and adjusted EBITDA.

The forecast reflects the Company's current and preliminary view on the market and its operational conditions, which do not factor in any of the potential future impacts caused by the COVID-19 pandemic, and are subject to change.

Conference Call

The Company will hold a conference call at 8:00 A.M. on Wednesday, August 19, 2020, U.S. Eastern Time, or 8:00 P.M. on Wednesday, August 19, 2020, Beijing Time, to discuss the financial results.

In advance of the conference call, all participants must use the following link to complete the online registration process to receive a unique registrant ID and a set of participant dial-in numbers to join the conference call.

Conference ID: 1157085 Registration Link: http://apac.directeventreg.com/registration/event/1157085

The replay will be accessible through August 26, 2020, by dialing the following numbers:

United States Toll Free: +1-855-452-5696

A live and archived webcast of the conference call will be available through the Company's investor relations website at http://ir.21vianet.com.

Non-GAAP Disclosure

In evaluating its business, 21Vianet considers and uses the following non-GAAP measures defined as non-GAAP financial measures by the Securities and Exchange Commission as a supplemental measure to review and assess its operating performance: adjusted cash gross profit, adjusted cash gross margin, adjusted operating expenses, adjusted EBITDA, adjusted EBITDA margin, The presentation of these non-GAAP financial measures is not intended to be considered in isolation 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 "Reconciliations of GAAP and non-GAAP results" set forth at the end of this press release.

The non-GAAP financial measures are provided as additional information to help investors compare business trends among different reporting periods on a consistent basis and to enhance investors' overall understanding of the Company's current financial performance and prospects for the future. These non-GAAP financial measures should be considered in addition to results prepared in accordance with U.S. GAAP, but should not be considered a substitute for, or superior to, U.S. GAAP results. In addition, the Company's calculation of the non-GAAP financial measures may be different from the calculation used by other companies, and therefore comparability may be limited.

Exchange Rate

This announcement contains translations of certain RMB amounts into U.S. dollars ("USD") at specified rates solely for the convenience of the reader. Unless otherwise stated, all translations from RMB to USD were made at the rate of RMB7.0651 to US\$1.00, the noon buying rate in effect on June 30, 2020, in the H.10 statistical release of the Federal Reserve Board. The Company makes no representation that the RMB or USD amounts referred could be converted into USD or RMB, as the case may be, at any particular rate or at all. For analytical presentation, all percentages are calculated using the numbers presented in the financial statements contained in this earnings release.

Statement Regarding Unaudited Condensed Financial Information

The unaudited financial information set forth above is preliminary and subject to potential adjustments. Adjustments to the consolidated financial statements may be identified when audit work has been performed for the Company's year-end audit, which could result in significant differences from this preliminary unaudited condensed financial information.

About 21Vianet

21Vianet Group, Inc. is a leading carrier- and cloud-neutral Internet data center services provider in China. 21Vianet provides hosting and related services, including IDC services, cloud services, and VPN services to improve the reliability, security and speed of its customers' Internet infrastructure. Customers may locate their servers and equipment in 21Vianet's data centers and connect to China's Internet backbone. 21Vianet operates in more than 20 cities throughout China, servicing a diversified and loyal base of over 6,000 hosting and related enterprise customers that span numerous industries ranging from Internet companies to government entities and blue-chip enterprises to small- to mid-sized enterprises.

Safe Harbor Statement

This announcement contains forward-looking statements. These forward-looking statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, quotations from management in this announcement as well as 21Vianet's strategic and operational plans contain forward-looking statements. 21Vianet may also make written or oral forward-looking statements in its reports filed with, or furnished to, the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about 21Vianet'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: 21Vianet's goals and strategies; 21Vianet's expansion plans; the expected growth of the data center services market; expectations regarding demand for, and market acceptance of, 21Vianet's services; 21Vianet's solution and service offerings; and general economic and business conditions in the regions where 21Vianet provides solutions and services. Further information regarding these and other risks is included in 21Vianet's reports filed with, or furnished to, the Securities and Exchange Commission. All information provided in this press release and in the attachments is as of the date of this press release, and 21Vianet undertakes no duty to update such information, except as required under applicable law.

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21VIANET GROUP, INC. CONSOLIDATED BALANCE SHEETS (Amount in thousands of Renminbi ("RMB") and US dollars ("US\$")) As of

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Goodwill 989,530 995,200 140,861 Long-term investments 169,653 162,457 22,934 Amounts due fom related parties 20,654 69,622 9,856 Pestriched cash 69,821 69,628 9,855 Deferred tax assets 209,366 213,856 30,269 Other non-current assets 277,568 318,388 45,061 Total assets 14,273,706 17,905,058 2,534,295 Liabilities and Shareholders' Equity 114,09,55 2,534,295 Current liabilities: 377,625 54,327 7,689 Short-term bank borrowings 234,500 238,500 33,757 Accrued expenses and other payables 978,335 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 10,68,692 1,187,661 166,103 Income taxes payable 227,115 302,012 42,747 Current portion of fonace lease liabilities 227,115 302,012 42,747 Current portion of def	-	1,221,616	1,148,669	162,584	
Long-term investments 169,653 162,457 22,994 Amounts due from related parties 20,654 69,622 9,865 Deferred tax assets 209,366 213,856 30,289 Other non-current assets 207,568 318,358 45,061 Total non-current assets 9,045,522 10,180,044 11,440,955 Total assets 14,273,706 17,905,058 2,534,295 Liabilities and Shareholders' Equity 234,500 238,500 33,757 Accounts and notes payable 303,128 337,402 47,756 Accruced expenses and other payables 978,305 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 40,032 42,683 6,041 Amounts due to related parties 2,55 2,074 9,564 Current portion of finance lease liabilities 2,27,115 302,012 42,747 Current portion of deferred government grant 2,526 2,074 <td></td> <td>989,530</td> <td>995,200</td> <td>140,861</td>		989,530	995,200	140,861	
Amounts due from related parties 20,654 69,632 9,856 Restricted cash 69,821 69,632 9,855 Deferred tax assets 209,366 213,856 30,259 Other non-current assets 277,568 318,358 45,061 Total non-current assets 9,045,522 10,180,494 1,440,955 Itabilities and Shareholders' Equity 14,273,706 17,905,058 2,534,295 Liabilities 303,128 337,402 47,756 Accured texpenses and other payable 303,128 337,402 47,756 Accured texpenses and other payables 978,935 1,524,344 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 188,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 227,115 302,012 42,747 Curren tiportion of fong-term bank borrowings 32,500 44,500 6.299 Current portion of operating lease liabilities 227,115 302,	Long-term investments		-	-	
Restricted cash 69,821 69,821 69,628 9,855 Deferred tax assets 203,366 213,356 30,269 Other non-current assets 9,045,522 10,180,494 1,440,955 Total non-current assets 9,045,522 10,180,494 1,440,955 Total assets 14,273,706 17,905,058 2,534,295 Liabilities and Shareholders' Equity 234,500 238,500 33,757 Accounts and notes payable 303,128 337,402 47,756 Advances from customers 1,068,892 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 2,595 2,074 294 Current portion of finance lease liabilities 2,595 2,074	-	20,654	69,632	9,856	
Deferred tax assets 209,366 213,856 30,269 Other non-current assets 9,045,522 10,180,494 1,440,955 Total non-current assets 9,045,522 10,180,494 1,440,955 Liabilities 14,273,706 17,905,058 2,534,295 Liabilities: 234,500 238,500 33,757 Accrued expenses and other payables 978,335 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,086,862 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Anounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of operating lease liabilities 44,032 4,683 6,9333 Total current liabilities: 4,469,021			-		
Other non-current assets 277,568 318,358 45,061 Total anon-current assets 9,045,522 10,180,494 1,440,955 Total assets 14,273,706 17,905,058 2,534,295 Liabilities and Shareholders' Equity 234,500 238,500 33,757 Accounts and notes payable 303,128 337,402 47,756 Accourde expenses and other payables 978,395 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 106,892 1,187,661 168,103 Current portion of flance lease liabilities 227,115 302,012 42,747 Current portion of degreed government grant 2,595 2,074 294 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 2,443 3,729 528 Deferered row ings 79,500	Deferred tax assets				
Total non-current assets 9,045,522 10,180,494 1,440,955 Total assets 14,273,706 17,905,058 2,534,295 Liabilities and Shareholders' Equity Current liabilities: 234,500 238,500 33,757 Accounts and notes payable 303,128 337,402 47,756 Accounts and notes payables 978,935 1,582,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 227,115 302,012 42,747 Current portion of fong-term bank borrowings 2,2500 44,500 6,299 Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 427,817 489,851 69,333 Total current liabilities: 2,595 2,074 294 Current portion of operating lease liabilities 44,669,021 5,286,654 748,275 Non-current liabilities<	Other non-current assets	277,568			
Total assets 14,273,706 17,905,058 2,534,295 Liabilities and Shareholders' Equity Current liabilities: 337,402 33,757 Accounts and notes payable 303,128 337,402 47,756 Accrued expenses and other payables 978,935 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 16,6935 67,574 9,564 Current portion of long-term bank borrowings 22,500 44,500 6,299 Current portion of deferred government grant 2,595 2,074 294 Current portion of odeferred government grant 2,595 2,074 294 Current portion of odeferred government grant 2,595 2,886,564 748,275 Non-current liabilities 437,817 489,851 69,333 Total current boriowings 79,500 460,347 65,158 Amounts due to related parties 745,899 <td></td> <td>9,045,522</td> <td>10,180,494</td> <td>1,440,955</td>		9,045,522	10,180,494	1,440,955	
Liabilities and Shareholders' Equity Current liabilities: Short-term bank borrowings 234,500 238,500 33,757 Accounts and notes payable 303,128 337,402 47,756 Accounts and notes payable 303,128 337,402 47,756 Accounts and notes payable 978,935 1,52,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 2,250 44,500 6,299 Current portion of deferred government grant 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of bonds payable 91,147 927,636 148,275 Non-current liabilities: 2,443 3,729 528 Long-term borrowings 745,899 780,309 110,446 <td></td> <td></td> <td>17,905,058</td> <td>2,534,295</td>			17,905,058	2,534,295	
Accounts and notes payable 303,128 337,402 47,756 Accrued expenses and other payables 978,935 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of deferred government grant 2,595 2,074 294 Current portion of obdys payable 911,147 927,636 131,298 Current portion of operating lease liabilities 44,69,021 5,286,654 748,275 Non-current liabilities 44,69,021 5,286,654 748,275 Non-current liabilities 2,443 3,729 528 Deferred tax liabilities 2,943 3,729 528 Deferred tax liabilities 2,043 3,729 528 Deferred tax liabilities 2,060,708 2,098,14 </th <th></th> <th></th> <th></th> <th></th>					
Accrued expenses and other payables 978,935 1,592,434 225,394 Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of bonds payable 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of poperating lease liabilities 437,817 489,851 69,333 Total current liabilities: 4,469,021 5,286,654 748,275 Non-current liabilities: 2,443 3,729 528 Deferred tax liabilities 20,2572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred go	Short-term bank borrowings	234,500	238,500	33,757	
Deferred revenue 57,625 54,327 7,689 Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of deferred government grant 2,595 2,074 294 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: 2,443 3,729 528 Deferred tax liabilities 2,443 3,729 528 Deferred tax liabilities 2,06,708 2,094,627 141,012 Non-current portion of finance lease liabilities 896,927 996,6267 141,012 Non-current portion of finance lease liabilities 896,927 996,6267 141,012 Non-current portion of				47,756	
Advances from customers 1,068,692 1,187,661 168,103 Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of deferred government grant 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities: 4,469,021 5,286,654 748,275 Non-current liabilities: 745,899 780,309 110,446 Unrecognized tax benefits 2,043 3,729 528 Deferred tax liabilities 202,572 254,064 35,906 Non-current portion of deferred government grant 5,906 5,002 708 Deferred tax liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708	Accrued expenses and other payables	978,935	1,592,434	225,394	
Income taxes payable 48,032 42,683 6,041 Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of deferred government grant 2,595 2,074 294 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 44,69,021 5,286,654 748,275 Non-current liabilities 79,500 460,347 65,158 Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of dinance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of	Deferred revenue	57,625	-	7,689	
Amounts due to related parties 166,935 67,574 9,564 Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of deferred government grant 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: 10,469,021 5,286,654 748,275 Non-current liabilities: 2,443 3,729 528 Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 2,443 3,729 528 Deferred tax isabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 N					
Current portion of long-term bank borrowings 32,500 44,500 6,299 Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of deferred government grant 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: 2,443 3,729 528 Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 2,443 3,729 528 Deferred tax benefits 2,02,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 <td< td=""><td>Income taxes payable</td><td></td><td>-</td><td></td></td<>	Income taxes payable		-		
Current portion of finance lease liabilities 227,115 302,012 42,747 Current portion of deferred government grant 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: 2,443 3,729 528 Long-term borrowings 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124	•	-			
Current portion of deferred government grant 2,595 2,074 294 Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: - - - - Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 20,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124					
Current portion of bonds payable 911,147 927,636 131,298 Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: 5,286,654 748,275 Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124	•				
Current portion of operating lease liabilities 437,817 489,851 69,333 Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: 2,469,021 5,286,654 748,275 Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124					
Total current liabilities 4,469,021 5,286,654 748,275 Non-current liabilities: - - - - - - - - 3,038,867 430,124 - - - - - 3,038,867 430,124 - - - - - - - - 3,038,867 430,124 - - - - - - 3,038,867 430,124 -					
Non-current liabilities: Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124					
Long-term borrowings 79,500 460,347 65,158 Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124	Total current liabilities	4,469,021	5,286,654	748,275	
Amounts due to related parties 745,899 780,309 110,446 Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124			100.015	6- / - 0	
Unrecognized tax benefits 2,443 3,729 528 Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes	5 5		,	,	
Deferred tax liabilities 202,572 254,064 35,960 Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124	•			-	
Non-current portion of finance lease liabilities 896,927 996,267 141,012 Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124	-				
Non-current portion of deferred government grant 5,906 5,002 708 Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes - 3,038,867 430,124					
Bonds payable 2,060,708 2,099,814 297,209 Non-current portion of operating lease liabilities 579,102 444,113 62,860 Convertible promissory notes					
Non-current portion of operating lease liabilities579,102444,11362,860Convertible promissory notes-3,038,867430,124					
Convertible promissory notes 3,038,867 430,124					
		579,102			
Total non-current liabilities 4,573,057 8,082,512 1,144,005		-			
	Total non-current liabilities	4,573,057	8,082,512	1,144,005	

Shareholders' equity			
Treasury stock	(349,523)	(349,523)	(49,472)
Ordinary shares	46	46	7
Additional paid-in capital	9,202,567	9,709,414	1,374,278
Accumulated other comprehensive gain	77,904	86,951	12,307
Statutory reserves	60,469	59,177	8,377
Accumulated deficit	(4,038,390)	(6,301,594)	(891,933)
Series A perpetual convertible preferred shares	-	1,044,913	147,898
Total 21Vianet Group, Inc. shareholders' equity	4,953,073	4,249,384	601,462
Noncontrolling interest	278,555	286,508	40,553
Total shareholders' equity	5,231,628	4,535,892	642,015
Total liabilities and shareholders' equity	14,273,706	17,905,058	2,534,295

21VIANET GROUP, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

(Amount in thousands of Renminbi ("RMB") and US dollars ("US\$") except for number of shares and per share data)

	Three months ended			Six months ended			
	June 30,			June 30,			
	2019	March 31, 2020	June 30		2019	June 30	•
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net revenues	888,020	1,090,797	1,144,061	161,931	1,759,879	2,234,858	316,324
Cost of revenues	(659,772)	(856,686)	(871,729)	(123,385)	(1,290,856)	(1,728,415)	(244,641)
Gross profit	228,248	234,111	272,332	38,546	469,023	506,443	71,683
Operating expenses							
Sales and marketing	(46,626)	(48,710)	(51,652)	(7,311)	(90,722)	(100,362)	(14,205)
Research and development	(18,790)	(20,984)	(23,665)	(3,350)	(41,354)	(44,649)	(6,320)
General and administrative	(102,341)	(125,202)	(119,494)	(16,913)	(223,137)	(244,696)	(34,634)
(Allowance) reversal for doubtful							
debt	(457)	(2,521)	1,338	189	(479)	(1,183)	(167)
Total operating expenses	(168,214)	(197,417)	(193,473)	(27,385)	(355,692)	(390,890)	(55,326)
Operating profit	60,034	36,694	78,859	11,161	113,331	115,553	16,357
Interest income	12,389	9,382	11,713	1,658	24,240	21,095	2,986
Interest expense	(91,202)	(102,258)	(102,742)	(14,542)	(160,644)	(205,000)	(29,016)
Other income	8,958	859	8,197	1,160	12,033	9,056	1,282
Other expense	(4,177)	(21,833)	(2,158)	(305)	(4,235)	(23,991)	(3,396)
Changes in the fair value of		(· ·)		· · · ·		, , , , , , , , , , , , , , , , , , ,	
convertible promissory notes	-	-	(1,612,054)	(228,171)	-	(1,612,054)	(228,171)
Foreign exchange (loss) gain	(39,853)	(41,747)	275	39	(10,315)	(41,472)	(5,870)
Loss on debt extinguishment	(17,804)				(17,804)		
Loss before income taxes and							
(loss) gain from equity method investments	(71,655)	(118,903)	(1,617,910)	(229,000)	(43,394)	(1,736,813)	(245,828)
	,	(, ,	()	(, ,	(, , ,	(,	· · · · ·
Income tax expenses (Loss) gain from equity method	(9,343)	(22,486)	(20,410)	(2,889)	(20,084)	(42,896)	(6,072)
investments	(18,277)	3,867	(10,457)	(1,480)	(29,215)	(6,590)	(933)
Net loss	(99,275)	(137,522)	(1,648,777)	(233,369)	(92,693)	(1,786,299)	(252,833)
Net gain attributable to		. ,					
noncontrolling interest	(2,785)	(1,241)	(3,573)	(506)	(3,727)	(4,814)	(681)
Net loss attributable to							
21Vianet Group, Inc.	(102,060)	(138,763)	(1,652,350)	(233,875)	(96,420)	(1,791,113)	(253,514)
Deemed distribution to Series A							
perpetual convertible preferred			(470,643)	(66 64 6)		(470,643)	(66 646)
shareholders			(470,043)	(66,615)		(470,043)	(66,615)
Net loss attributable to the Company's ordinary							
shareholders	(102,060)	(138,763)	(2,122,993)	(300,490)	(96,420)	(2,261,756)	(320,129)

Loss per share							
Basic	(0.15)	(0.18)	(3.21)	(0.45)	(0.14)	(3.42)	(0.48)
Diluted	(0.15)	(0.18)	(3.21)	(0.45)	(0.14)	(3.42)	(0.48)
Shares used in loss per share computation							
Basic*	677,802,980	669,545,073	660,949,226	660,949,226	677,689,041	660,543,890	660,543,890
Diluted*	677,802,980	669,545,073	660,949,226	660,949,226	677,689,041	660,543,890	660,543,890
Loss per ADS (6 ordinary shares equal to 1 ADS) Basic Diluted	(0.90) (0.90)	(1.08) (1.08)	(19.26) (19.26)	(2.70) (2.70)	(0.84) (0.84)	(20.52) (20.52)	(2.88) (2.88)

* Shares used in (loss) profit per share/ADS computation were computed under weighted average method.

21VIANET GROUP, INC. RECONCILIATIONS OF GAAP AND NON-GAAP RESULTS (Amount in thousands of Renminbi ("RMB") and US dollars ("US\$"))

	Three months ended			Six months ended			
	June 30, 2019 March 31, 2020		June 30, 2	2020	June 30, 2019	June 30, 1	2020
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
Gross profit	228,248	234,111	272,332	38,546	469,023	506,443	71,683
Plus: depreciation and							
amortization	175,102	182,556	194,651	27,551	340,523	377,207	53,390
Plus: share-based	450	100	500	04	000	4 000	4.45
compensation expenses	459	460	569	81	933	1,029	145
Adjusted cash gross profit	403,809	417,127	467,552	66,178	810,479	884,679	125,218
Adjusted cash gross margin	45.5%	38.2%	40.9%	40.9%	46.1%	39.6%	39.6%
Operating expenses	(168,214)	(197,417)	(193,473)	(27,385)	(355,692)	(390,890)	(55,326)
Plus: share-based							
compensation expenses	6,932	19,628	11,005	1,558	23,097	30,633	4,336
Adjusted operating expenses	(161,282)	(177,789)	(182,468)	(25,827)	(332,595)	(360,257)	(50,990)
Operating profit	60,034	36,694	78,859	11,161	113,331	115,553	16,357
Plus: depreciation and							
amortization	193,302	202,607	215,981	30,570	376,834	418,588	59,247
Plus: share-based							
compensation expenses	7,391	20,088	11,574	1,638	24,030	31,662	4,481
Adjusted EBITDA	260,727	259,389	306,414	43,369	514,195	565,803	80,085
Adjusted EBITDA margin	29.4%	23.8%	26.8%	26.8%	29.2%	25.3%	25.3%

21VIANET GROUP, INC. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Amount in thousands of Renminbi ("RMB") and US dollars ("US\$"))

	Three months ended				
	June 30, 2019	March 31, 2020	June 30, 2020		
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)	US\$ (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES Net loss	(99,275)	(137,522)	(1,648,777)	(233,369)	

Adjustments to reconcile net loss to net cash generated from operating activities:				
Depreciation and amortization	193,302	202,607	215,981	30,570
Stock-based compensation expenses	7,391	20,088	11,574	1,638
Others	69,061	42,108	1,776,114	251,392
Changes in operating assets and liabilities				
Accounts and notes receivable	(119,144)	(202,262)	(79,036)	(11,187)
Prepaid expenses and other current assets	(50,381)	(8,239)	(126,703)	(17,934)
Accounts and notes payable	14,644	71,295	(37,021)	(5,240)
Accrued expenses and other payables	2,298	97,263	41,951	5,938
Deferred revenue	936	15,433	(18,731)	(2,651)
Advances from customers	125,227	89,629	29,340	4,153
Others	(16,949)	(131,746)	(2,905)	(411)
Net cash generated from operating activities	127,110	58,654	161,787	22,899
CASH FLOWS FROM INVESTING ACTIVITIES	(000 500)	(400.004)	(470.004)	
Purchases of property and equipment	(208,520)	(436,034)	(478,231)	(67,689)
Purchases of intangible assets	(6,990)	(529)	(15,707)	(2,223)
(Payments for) proceeds from investments	(127,148)	207,690	68,989	9,765
Proceeds from (payments for) other investing activities	11,575	(18,351)	9,484	1,342
Net cash used in investing activities	(331,083)	(247,224)	(415,465)	(58,805)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayments of) proceeds from bank borrowings	(27,779)	192,869	203,978	28,871
Payments for finance lease	(66,316)	(77,336)	(73,165)	(10,356)
Repurchase of 2020 Notes	(1,021,539)	-	-	-
Proceeds from issuance of 2021 Notes	2,012,084	-	-	-
Payment of issuance cost of 2021 Notes	(35,427)	-	-	-
Proceeds from issuance of convertible promissory notes	-	899,808	509,577	72,126
Proceeds from Series A perpetual convertible preferred shares	-	-	1,058,325	149,796
(Payments for) proceeds from other financing activities	(3,542)	61,008	107,796	15,258
Net cash generated from financing activities	857,481	1,076,349	1,806,511	255,695
Effect of featime and an and a barrier and and and an include and				
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	56,386	13,800	10,778	1,526
Net increase in cash, cash equivalents and restricted cash	709,894	901,580	1,563,610	221,315
•	2,375,506	2,357,177	3,258,757	461,247
Cash, cash equivalents and restricted cash at beginning of period	3,085,400	3,258,757	4,822,367	682,562
Cash, cash equivalents and restricted cash at end of period	3,003,400	5,250,757	4,022,307	002,002