
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 15, 2022

Roblox Corporation
(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

**970 Park Place,
San Mateo, California**
(Address of Principal Executive Offices)

001-39763
(Commission
File Number)

20-0991664
(IRS Employer
Identification No.)

94403
(Zip Code)

Registrant's Telephone Number, Including Area Code: (888) 858-2569

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	RBLX	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On February 15, 2022, Roblox Corporation (the “Company”) issued a press release announcing financial results for its fourth quarter and year ended December 31, 2021. The Company also posted on its investor relations website (ir.roblox.com) a shareholder letter and supplemental materials for its quarter and year ended December 31, 2021. A copy of the press release and shareholder letter are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein. Information on the Company’s website is not, and will not be deemed, a part of this report or incorporated into this or any other filings that the Company makes with the Securities and Exchange Commission.

Item 7.01 Regulation FD Disclosure.

The Company also reported estimates for certain key metrics for January 2022 in its shareholder letter, which was issued on February 15, 2022, a copy of which is furnished as Exhibit 99.2 and is incorporated by reference herein. Each month the Company intends to post on its investor relations website (ir.roblox.com) to report certain estimated key metrics for the prior month, with the results for the third month of each quarter included in the Company’s quarterly or annual report, as applicable.

The information in Item 2.02 and Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated February 15, 2022
99.2	Shareholder Letter dated February 15, 2022
104	Cover Page Interactive Data File (formatted as inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROBLOX CORPORATION

Date: February 15, 2022

By: _____
/s/ Michael Guthrie
Michael Guthrie
Chief Financial Officer
(Principal Financial Officer)



Roblox Reports Fourth Quarter and Full Year 2021 Financial Results
Record Fiscal Year 2021 Revenue Grew 108% Year over Year
Record Daily Active Users and Hours Engaged as of December 31, 2021

SAN MATEO, Calif., Feb 15, 2022 - Roblox Corporation (NYSE: RBLX), a global platform bringing millions of people together through shared experiences, released its fourth quarter and full year 2021 financial results today and separately posted a letter to shareholders and supplemental materials on the Roblox investor relations website at ir.roblox.com.

Fourth Quarter 2021 Financial Highlights

- Revenue increased 83% over Q4 2020 to \$568.8 million
- Net cash provided by operating activities of \$122.2 million; Free cash flow was \$77.3 million
- Bookings increased 20% over Q4 2020 to \$770.1 million
- Average Daily Active Users (DAUs) were 49.5 million, an increase of 33% year over year
- Hours Engaged were 10.8 billion, an increase of 28% year over year
- Average Bookings per DAU (ABPDAU) was \$15.57

Full Fiscal Year 2021 Financial Highlights

- Revenue increased 108% over fiscal year 2020 to \$1.9 billion
- Net cash provided by operating activities of \$659.1 million; Free cash flow was \$558.0 million
- Bookings increased 45% over 2020 to \$2.7 billion
- DAUs were 45.5 million, an increase of 40% year over year
- Hours Engaged were 41.4 billion, an increase of 35% year over year
- ABPDAU was \$59.85

January 2022 Key Metric Estimates

- Revenue was between \$203 million - \$206 million, up 64% - 66% year over year
- DAUs were 54.7 million, up 32% from January 2021
- Hours engaged were 4.2 billion, up 26% year over year
- Bookings were between \$220 million and \$223 million, up 2% - 3% year over year
- ABPDAU were between \$4.02 - \$4.08, down 22% - 23% year over year

“With nearly 55 million daily active users, Roblox is increasingly an integral part of people’s lives,” said David Baszucki, Chief Executive Officer of Roblox. “As we look ahead to 2022, we will continue to develop our technology to enable deeper forms of communication, immersion and expression on our platform.”

“The foundation we put in place that allows us to invest in our business while continuing to generate strong cash flow is one of the most unique aspects of our business,” said Michael Guthrie, Chief Financial Officer of Roblox. “Our 2021 results demonstrate that the investments we were able to make in our technology and developer community are generating strong returns, and we will continue leaning into the business as we focus on the large, long-term growth opportunity ahead of us.”

Earnings Q&A Session

Roblox will host a live Q&A session to answer questions regarding their fourth quarter and fiscal year 2021 results on Wednesday, February 16, 2022 at 5:30 a.m. Pacific Time. The webcast will be open to the public at ir.roblox.com or by clicking [here](#).

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our business, product and investment strategy and growth plans, our expectation of successfully executing such strategies and plans and our expectations for our January financial and operational results. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “continue,” “project,” “plan,” “goals,” “opportunity,” “appeal,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to risks detailed in our filings with the Securities and Exchange Commission (the “SEC”), including in our Quarterly Report on Form 10-Q filed for the fiscal quarter ended September 30, 2021 and other filings and reports we make with the SEC from time to time. In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: our ability to successfully execute our business and growth strategy; the sufficiency of our cash and cash equivalents to meet our liquidity needs; the impact of our senior notes and any future indebtedness on our business, financial condition and results of operations; the demand for our platform in general; our ability to increase our number of new users and revenue generated from users; our ability to retain and expand our user base; the impact on our business of the COVID-19 pandemic restrictions and the easing of those restrictions as vaccinations become more prevalent; the fluctuation of our results of operations and our key business measures on a quarterly basis in future periods; our ability to successfully develop and deploy new technologies to address the needs of our users; our ability to maintain and enhance our brand and reputation; our ability to hire and retain talent; news or social media coverage about Roblox, including but not limited to coverage that presents, or relies on, inaccurate, misleading, incomplete, or otherwise damaging information; any breach or access to user or third-party data; and our ability to maintain the security and availability of our platform. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from our expectations is included in the reports we have filed or will file with the SEC, including our Quarterly Report Form 10-Q for the fiscal quarter ended September 30, 2021.

The forward-looking statements included in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments will cause our views to change. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release. Past performance is not necessarily indicative of future results.

ROBLOX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)
(unaudited)

	As of December 31,	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,004,300	\$ 893,943
Accounts receivable—net of allowances	307,349	246,986
Prepaid expenses and other current assets	32,091	26,274
Deferred cost of revenue, current portion	406,025	256,928
Total current assets	3,749,765	1,424,131
Property and equipment—net	271,352	206,415
Operating lease right-of-use assets	221,285	—
Deferred cost of revenue, long-term	137,524	113,793
Intangible assets, net	59,666	42,326
Goodwill	118,071	59,568
Other assets	2,933	1,567
Total assets	\$ 4,560,596	\$ 1,847,800
Liabilities, Convertible Preferred Stock, and Stockholders' Equity/(Deficit)		
Current liabilities:		
Accounts payable	\$ 64,395	\$ 12,012
Accrued expenses and other current liabilities	180,769	65,392
Developer exchange liability	163,906	80,912
Deferred revenue—current portion	1,758,022	1,070,230
Total current liabilities	2,167,092	1,228,546
Deferred revenue—net of current portion	616,834	484,699
Operating lease liabilities	194,616	—
Long-term debt, net	987,723	—
Other long-term liabilities	1,408	22,109
Total liabilities	3,967,673	1,735,354
Commitments and contingencies		
Convertible Preferred Stock		
Convertible preferred stock, Series A, B, C, D, D-1, E, F, and G \$0.0001 par value, zero and 349,522 shares authorized as of December 31, 2021, and December 31, 2020, respectively; zero and 337,235 shares issued and outstanding as of December 31, 2021, and December 31, 2020, respectively; aggregate liquidation preference of zero and \$335,654 as of December 31, 2021, and December 31, 2020, respectively	—	344,827
Stockholders' Equity/(Deficit)		
Common stock, \$0.0001 par value; 5,000,000 and 740,000 authorized as of December 31, 2021, and December 31, 2020, respectively, 585,878 and 201,327 shares issued and outstanding as of December 31, 2021, and December 31, 2020, respectively; Class A common stock—4,935,000 and 675,000 shares authorized as of December 31, 2021, and December 31, 2020, respectively; 534,541 and 144,039 shares issued and outstanding as of December 31, 2021, and December 31, 2020, respectively; Class B common stock—65,000 shares authorized as of December 31, 2021, and December 31, 2020, respectively, 51,337 and 57,287 shares issued and outstanding as of December 31, 2021, and December 31, 2020, respectively	58	20
Additional paid-in capital	1,568,638	239,792
Accumulated other comprehensive income	62	90
Accumulated deficit	(983,941)	(492,290)
Total Roblox Corporation stockholders' equity/(deficit)	584,817	(252,388)
Noncontrolling interests		
Total stockholders' equity/(deficit)	592,923	(232,381)
Total liabilities, convertible preferred stock, and stockholders' equity/(deficit)	\$ 4,560,596	\$ 1,847,800

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 568,769	\$ 310,009	\$ 1,919,181	\$ 923,885
Cost and expenses:				
Cost of revenue ⁽¹⁾	151,988	78,618	496,870	239,898
Developer exchange fees	159,717	113,714	538,321	328,740
Infrastructure and trust & safety	135,989	78,348	456,498	264,226
Research and development	173,570	60,067	533,207	201,433
General and administrative	59,383	31,908	303,020	97,341
Sales and marketing	27,772	15,961	86,363	58,384
Total cost and expenses	708,419	378,616	2,414,279	1,190,022
Loss from operations	(139,650)	(68,607)	(495,098)	(266,137)
Interest income	33	64	92	1,822
Interest expense	(6,998)	—	(6,998)	—
Other income/(expense), net	14	1,325	(1,796)	(32)
Loss before income taxes	(146,601)	(67,218)	(503,800)	(264,347)
Provision for/(benefit from) income taxes	656	(6,681)	(320)	(6,656)
Consolidated net loss	(147,257)	(60,537)	(503,480)	(257,691)
Net loss attributable to the noncontrolling interest	(3,959)	(1,796)	(11,829)	(4,437)
Net loss attributable to common stockholders	\$ (143,298)	\$ (58,741)	\$ (491,651)	\$ (253,254)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.25)	\$ (0.30)	\$ (0.97)	\$ (1.39)
Weighted-average shares used in computing net loss per share attributable to common stockholders—basic and diluted	581,535	195,149	505,858	182,108

(1) Depreciation of servers and infrastructure equipment included in infrastructure and trust & safety.

ROBLOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Cash flows from operating activities:				
Consolidated net loss	\$ (147,257)	\$ (60,537)	\$ (503,480)	\$ (257,691)
Adjustments to reconcile net loss including noncontrolling interests to net cash provided by operations:				
Depreciation and amortization	22,183	13,576	75,622	43,808
Stock-based compensation expense	120,220	16,196	341,942	79,158
Change in fair value of warrants	—	—	—	1,890
Operating lease non-cash expense	11,858	—	43,794	—
Other non-cash charges/(credits)	(457)	(132)	680	1,139
Amortization of debt issuance costs	216	—	216	—
Changes in operating assets and liabilities:				
Accounts receivable	(138,130)	(89,681)	(61,044)	(156,865)
Accounts payable	23,599	(1,675)	23,369	4,488
Prepaid expenses and other current assets	5,908	(1,277)	(13,593)	(4,826)
Other assets	2,821	14	(1,367)	1,373
Developer exchange liability	46,150	28,282	82,994	49,905
Accrued expenses and other current liabilities	20,711	20,476	58,809	30,906
Other long-term liability	(167)	(6,681)	(1,189)	(4,460)
Operating lease liabilities	(10,688)	—	(34,743)	—
Deferred revenue	203,552	335,049	819,927	965,919
Deferred cost of revenue	(38,296)	(74,606)	(172,828)	(230,404)
Net cash provided by operating activities	122,223	179,004	659,109	524,340
Cash flows from investing activities:				
Acquisition of property and equipment	(44,942)	(51,891)	(93,273)	(104,153)
Payments related to business combination, net of cash acquired	—	(40,919)	(45,692)	(40,919)
Purchases of short-term investments	—	—	—	(5,991)
Maturities of short-term investments	—	9,000	—	63,000
Purchases of intangible assets	—	(8,516)	(7,856)	(8,967)
Net cash used in investing activities	(44,942)	(92,326)	(146,821)	(97,030)
Cash flows from financing activities:				
Proceeds from issuance of preferred stock for warrant exercises	—	—	—	147
Proceeds from issuance of common stock	13,899	5,502	76,177	15,156
Net proceeds from issuance of preferred stock	—	—	534,286	149,669
Proceeds from 2030 Notes	990,000	—	990,000	—
Payment of debt issuance cost	(2,339)	—	(2,339)	—
Net cash provided by financing activities	1,001,560	5,502	1,598,124	164,972
Effect of exchange rate changes on cash and cash equivalents	(100)	117	(55)	168
Net increase in cash and cash equivalents	1,078,741	92,297	2,110,357	592,450
Cash and cash equivalents				
Beginning of period	1,925,559	801,646	893,943	301,493
End of period	\$ 3,004,300	\$ 893,943	\$ 3,004,300	\$ 893,943
Supplemental disclosure of cash flow information:				
Cash paid for interest	—	—	—	—
Cash paid for income taxes	—	—	—	—
Supplemental disclosure of noncash investing and financing activities:				
Property and equipment additions in accounts payable and accrued expenses	\$ 50,388	\$ 13,990	\$ 50,388	\$ 13,990
Fair value of common stock and unregistered restricted stock units issued as consideration for business combination	—	\$ 40,696	\$ 31,274	\$ 40,696
Fair value of common stock issued in exchange for intangible asset purchase	—	\$ 2,854	—	\$ 2,854
Conversion of convertible preferred stock to common stock upon direct listing	—	—	\$ 879,113	—
Unpaid debt issuance costs	\$ 154	—	\$ 154	—

Use of Non-GAAP Financial Measures

This press release and the accompanying tables contain the non-GAAP financial measures bookings, free cash flow, and Adjusted EBITDA.

We use this non-GAAP financial information to evaluate our ongoing operations, for internal planning and forecasting purposes, and ongoing operating trends for purposes of analyzing the covenants specified in the indenture governing our senior notes due 2030. We believe that this non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance.

Bookings is defined as revenue plus the change in deferred revenue during the period and other non-cash adjustments. Bookings is equal to the amount of virtual currency purchased by users in a given period of measurement. We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Free cash flow represents the net cash provided by operating activities less purchases of property, equipment, and intangible assets. We believe that free cash flow is a useful indicator of our unit economics and liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property, equipment, and intangible assets, can be used for strategic initiatives, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. Adjusted EBITDA is a measure of operating performance used in certain covenant calculations specified in the indenture governing our senior notes due 2030 that is not calculated in accordance with GAAP and may not conform to the calculation of EBITDA in other circumstances. Adjusted EBITDA should not be considered as a substitute for net loss as determined in accordance with GAAP. We believe that, when considered together with reported amounts, Adjusted EBITDA is useful to investors and management in understanding our ongoing operations and ongoing operating trends for purposes of analyzing the covenants specified in the indenture governing our senior notes due 2030.

Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial information as a tool for comparison. As a result, our non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for financial information presented in accordance with GAAP.

A reconciliation table of the most comparable GAAP financial measure to each non-GAAP financial measure used in this press release is included at the end of this release. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view these non-GAAP measures in conjunction with the most directly comparable GAAP financial measure.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Bookings	\$ 770,116	\$ 642,311	\$ 2,725,706	\$ 1,882,543

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Reconciliation of revenue to bookings:				
Revenue	\$ 568,769	\$ 310,009	\$ 1,919,181	\$ 923,885
Add (deduct):				
Change in deferred revenue	203,552	335,049	819,927	965,919
Other	(2,205)	(2,747)	(13,402)	(7,261)
Bookings	\$ 770,116	\$ 642,311	\$ 2,725,706	\$ 1,882,543

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Free cash flow	\$ 77,281	\$ 118,597	\$ 557,980	\$ 411,220

The following table presents a reconciliation of net cash from operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Reconciliation of net cash from operating activities to free cash flow:				
Net cash provided by operating activities	\$ 122,223	\$ 179,004	\$ 659,109	\$ 524,340
Add (deduct):				
Acquisition of property and equipment	(44,942)	(51,891)	(93,273)	(104,153)
Purchases of intangible assets	—	(8,516)	(7,856)	(8,967)
Free cash flow	\$ 77,281	\$ 118,597	\$ 557,980	\$ 411,220

Acquisition of property and equipment primarily includes servers, infrastructure equipment and tenant improvements.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Adjusted EBITDA	\$ 168,009	\$ 225,892	\$ 673,926	\$ 600,177

The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to adjusted EBITDA, for each of the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Reconciliation of consolidated net loss to adjusted EBITDA:				
Consolidated net loss	\$ (147,257)	\$ (60,537)	\$ (503,480)	\$ (257,691)
Add (deduct):				
Interest income	(33)	(64)	(92)	(1,822)
Interest expense	6,998	—	6,998	—
Other income/(expense), net	(14)	(1,325)	1,796	32
Provision for/(benefit from) income taxes	656	(6,681)	(320)	(6,656)
Depreciation and amortization	22,183	13,576	75,622	43,808
Stock-based compensation expense	120,220	16,196	341,942	79,158
Change in fair value of warrants	—	—	—	1,890
Accretion and amortization on marketable securities	—	5	—	5
Change in deferred revenue	203,552	335,049	819,927	965,919
Change in deferred cost of revenue	(38,296)	(74,606)	(172,828)	(230,404)
Fees related to equity offering	—	4,279	50,586	5,938
Fees related to certain legal settlements	—	—	53,775	—
Adjusted EBITDA	\$ 168,009	\$ 225,892	\$ 673,926	\$ 600,177

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About Roblox

Roblox's mission is to connect a billion people with optimism and civility. Every day, tens of millions of people around the world have fun with friends as they explore millions of immersive digital experiences. All of these experiences are built by the Roblox community, made up of millions of creators. We believe in building a safe, civil, and diverse community—one that inspires and fosters creativity and positive relationships between people around the world. For more information, please visit corp.roblox.com.

CONTACTS

Anna Yen
Roblox Investor Relations
ir@roblox.com

Stefanie Notaney
Roblox Corporate Communications
press@roblox.com

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Shareholder Letter

ROBLOX

Q4 2021

FY 2021

February 15, 2022



To Our Shareholders:

This is our first report on full year financial results as a public company. Last month, our CEO and Founder, David Baszucki, [posted a letter](#) highlighting many of our achievements in 2021. Needless to say, we had an incredible year and are looking forward to further progress in 2022.

Our mission is to connect one billion people with optimism and civility by reimagining the way people come together. We believe this is possible because we see human co-experience (sometimes referred to as the metaverse) as a massive category that is still early in its development and will be growing and evolving for decades.

To achieve our mission, we must maintain the community's trust. And to do that, our platform must be safe and civil. Since our founding, safety and civility have been at the foundation of everything we do and we will continue to invest substantial resources to improve on this key priority.

Beyond our overarching focus on safety, reaching one billion people requires us to meet three key objectives: growing in international markets, attracting users in older age demographics (aging up), and expanding our platform's breadth of use. Each of these objectives has key results that are embedded in our long-term plans that inform how we get the objectives done. Today's results demonstrate the progress we are making in each of these areas.

As we close out 2021 and turn to the future, it's helpful to remind everyone that two of our core values at Roblox are Take the Long View, and Respect the Community.

When we completed our direct listing, our community expanded to include public investors and research analysts. As we had done as a private company, we share key metrics publicly each month. We hope that everyone appreciates this level of transparency and we will continue to do that.



We have also chosen to forgo quarterly guidance. We believe that helps our company stay focused on the Long View rather than quarter to quarter results. Fundamentally, we have never put short term gain over long-term value creation.

For example, last week four incredible companies decided to bring their brands onto Roblox. They worked with our creator community to build experiences to express their brands in a new and exciting medium. These are important milestones and, logically, investors want to know when we will “monetize” these opportunities.

While we see brands as important contributors to the metaverse, we are more focused today in removing friction so that as many brands as possible, in a self-service way, explore what our platform has to offer. Ultimately, brands will be important economic contributors to Roblox, but for now we are letting this market develop organically and we are learning a lot.

As the world approaches two years of living with COVID, we are now seven quarters into reporting financial results influenced by this virus. Our numbers have been affected in several ways.

For four quarters, starting in Q2 2020, we went from being a high growth company to seeing a step function in absolute numbers of users, engagement, and bookings. That step function in absolute numbers produced extremely high year over year growth as well.

For the past three quarters, as parts of the world began to return to a more normal way of life, our absolute numbers have continued to grow as can be seen in the supplemental materials that we provide. Specifically, users, engagement hours, payers, and bookings, are all at (or near) all time high levels, but growth rates have declined as we are comparing, in some cases, to quarters last year in which certain key metrics doubled or even nearly tripled.

As we continue to work through our first full year of comparisons, a logical question is: What is a normalized long-term growth rate for Roblox?



Here are a few guidelines:

1. User and engagement growth right now are being driven primarily by international expansion and growth in users aged 13 and older. These expansions have been priorities for us for a number of years and we are excited to see growth throughout parts of Asia, Europe, and Latin America, as well as with older users.
2. Bookings, for now, are driven primarily by the United States and the United Kingdom which are both opening up from COVID restrictions and returning to school and work. While engagement and payer conversion are higher than they were going into the pandemic in these countries, this is where year over year comparisons are currently toughest.
3. Year over year bookings comparisons should improve starting in the May/-June timeframe.
4. Bookings growth in Q3 and Q4 of this year should be much closer to user growth rates than they were in January, and our exit growth rates this year are expected to be good indicators of 2023 growth.
5. Our focus will continue to be on building an amazing product with world class engineering. We have several key areas of product focus and we believe that if we stay laser focused on delivering those, as a byproduct, we will build a business that has the ability to compound its top line at high rates of growth for the foreseeable future.



GAAP results for Q4 2021 and FY 2021

For more information, please refer to our Q4 2021 earnings release and supplemental materials accessible at ir.roblox.com.

Revenue in Q4 2021 was \$568.8 million, an increase of 83% over Q4 2020. Cost of revenue totaled \$152.0 million, up 93% year over year. Personnel costs, excluding stock-based compensation, were \$120.9 million, up 81% year over year primarily driven by an increase in headcount. Developer exchange fees were \$159.7 million versus \$113.7 million in the same quarter last year, an increase of 40%. Certain infrastructure and trust & safety spending, which excludes personnel costs, stock-based compensation, and depreciation, was \$92.8 million, up 67% from \$55.7 million in Q4 2020. Net loss attributable to common stockholders, which includes a portion of the net loss attributable to our Luobu subsidiary, was \$143.3 million, compared to a net loss attributable to common stockholders of \$58.7 million last year.

Revenue for the fiscal year ended December 31, 2021 was \$1,919.2 million, an increase of 108% over revenue in fiscal year 2020 of \$923.9 million. Cost of revenue totaled \$496.9 million in 2021 up 107% from \$239.9 million in 2020. Personnel costs, excluding stock-based compensation, were \$407.0 million in 2021, up 90% from \$213.7 million in 2020. Headcount at the end of fiscal 2021 was 1,596 up from 1,046 at the end of the prior year. Developer exchange fees were \$538.3 million in fiscal 2021, an increase of 64% over \$328.7 million in fiscal 2020. Certain infrastructure and trust & safety spend, which excludes personnel costs, stock-based compensation, and depreciation, totaled \$315.1 million in 2021 up 68% from \$187.4 million in 2020. Net loss attributable to common stockholders, which includes a portion of the net loss attributable to our Luobu subsidiary, was \$491.7 million, compared to a net loss attributable to common stockholders of \$253.3 million last year.

Our net losses in both Q4 2021 and the full fiscal year 2021 increased over the same periods in 2020 due to the higher levels of expense required to support the growth of the business and the fact that we defer a significant amount of revenue to later periods. Since our investment decisions are generally based on levels of non-GAAP bookings, we expect to continue to report net losses for the foreseeable future even as we anticipate generating net cash from operating activities.



We achieved some significant milestones last year:

- The Roblox developer community earned \$538.3 million in 2021, exceeding our goal of \$500 million. Only two years ago, that amount was \$112 million and so we have grown developer earnings by nearly 5x or 119% compounded over the past two years. We believe these financial incentives, which include engagement based payouts, are effective in motivating existing developers and attracting new ones. We are excited to see more developers building their businesses on the Roblox platform and remain committed to sharing more of the economics with them.
- The amount, variety, and quality of content grew and improved. During 2021 over 1,900 experiences generated more than 1 million hours of engagement. In 2020 and 2019 only 1,500 and 800 experiences had that level of engagement, respectively. Also, in December of 2021, 40% of the top 1,000 experiences were “aged up” wherein greater than 50% of engagement was from users aged 13 and older. The top 10 experiences accounted for 45% of Robux earned in December of 2021, down from 57% in December of 2020. While absolute declines are not necessarily better per se, we generally like to see more developers participating at high levels within the Roblox economy.
- Notwithstanding difficult comparisons, especially late in 2021 and in January of 2022 (against near peak COVID periods a year ago), users and engagement grew at very high rates. In both, we showed continued trends toward larger impacts from both international markets and from users over the age of 13.
- In Q4 2021 we had an average of 11.9 million monthly payers with an 89% repurchase rate. Both figures are all-time highs for us.
- Our platform expanded with music, brands, and education all in the early stages of attracting new users, engaging existing users, and contributing to overall growth. In 2021, we launched 12 brand partnerships and hosted six music events. In addition, we launched the Roblox Community Fund to help jumpstart our move into the education vertical by providing grants to educational organizations that develop curriculum and educational experiences on the Roblox Platform.
- Finally, in 2021 we made three strategic acquisitions designed to accelerate our product roadmap. In all cases we welcomed talented product development personnel to Roblox. The most significant transaction was the purchase of the standalone communication platform Guilded.



Even as people around the world move back to attending school and work in person, our key operating and financial metrics are impressive and we are building off of new peaks as we start the new year.

- **Daily Active Users:** DAUs were 49.5 million in Q4 2021, up 33% from 37.1 million in Q4 2020, and up 61% compounded from 19.1 million in December 2019. As has been the case over the past few years, our user base is increasingly international with the highest growth rates in Asia Pacific, Latin America, and Europe. Highlights include Brazil and Russia as well as India and Japan, with each of the latter two growing at over 100% year over year in Q4 2021, albeit on a small base. Users are also more aged up, with 52% of DAUs over the age of 13 in Q4 2021 compared to 46% in Q4 2020 and 40% in Q4 2019.
- **Hours Engaged:** Hours Engaged totaled 10.8 billion in Q4 2021, up 28% from 8.4 billion in Q4 2020, and up 71% compounded from 3.7 billion in Q4 2019. We generally see similar trends in international and aged up engagement growth as we see in DAU growth.
- **Bookings:** Bookings in Q4 2021 reached \$770.1 million, up 20% from Q4 of 2020 when bookings were \$642.3 million, and up 80.5% compounded from \$236.3 million in Q4 2019. Note that we had an outage back in October that lasted nearly three full days and affected October bookings. We provided details on the estimated financial impacts back in November 2021. For the full fiscal year 2021, bookings totaled \$2.73 billion, up 45% from \$1.88 billion in FY 2020, and up 98% compounded from \$694 million in FY 2019.
- **Adjusted EBITDA and Free Cash Flow:** As a result of strong unit economics, we continued to generate significant adjusted EBITDA and free cash flow. In Q4 2021, adjusted EBITDA was \$168 million, or 21.8% of bookings and for the full year, adjusted EBITDA totaled \$674 million, or 24.7% of bookings. Free cash flow for all of 2021 was \$558 million, up from \$411.2 million of free cash flow in 2020.



Turning to the month of January, we see similar trends as in Q4 with high rates of growth in DAUs and hours engaged but lower growth in bookings.

Key Metrics - January 2022

- Daily active users (DAU) were 54.7 million, up 32% year over year
- Hours engaged totaled 4.2 billion, up 26% year over year
- Revenue is estimated to be between \$203 million and \$206 million, up 64% - 66% year over year
- Estimated bookings for January 2022 were between \$220 million and \$223 million, up 2 - 4% year over year
- Estimated average bookings per DAU (ABPDAU) were between \$4.02 - \$4.08, down 22% - 23% year over year driven primarily by comparisons to peak COVID periods

As we begin 2022, we have never been better positioned. We have more users, engagement, and payers than ever and as the world continues to open up from COVID, we are optimistic about our ability to continue scaling the company. We have the free cash flow and liquidity required to invest in the technology and innovation that our community needs to continue architecting the platform that will enable one billion people to connect with optimism and civility.

Our vision of a persistent, shared, 3D immersive virtual universe is materializing, but we know we are only at the beginning of what Roblox can be and what people will use it for. We want to thank our shareholders, our employees, the developer and creator communities, and our partners for taking this journey with us. We look forward to working with you this coming year.

Earnings Q&A Session

Roblox will host a live Q&A session to answer questions regarding their fourth quarter and full fiscal year 2021 results on Wednesday, February 16, 2022 at 5:30 a.m. Pacific Time. The live webcast and Q&A session will be open to the public at ir.roblox.com and we invite you to join us and to visit our investor relations website at ir.roblox.com to review supplemental information.



Forward-Looking Statements

This letter, the live webcast and Q&A session which will be held at 5:30 a.m. Pacific Time on Wednesday, February 16, 2022 contain “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our investment strategy, business strategy and growth plans, our expectation of successfully executing such strategies and plans, our anticipations of certain financial results and our expectations for January financial results and future growth rates. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts, and projections as well as the beliefs and assumptions of management. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “continue,” “project,” “plan,” “goals,” “opportunity,” “appeal,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to risks detailed in our filings with the Securities and Exchange Commission (the “SEC”), including in our Quarterly Report on Form 10-Q filed for the fiscal quarter ended September 30, 2021 and other filings and reports we make with the SEC from time to time. In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: our ability to successfully execute our business and growth strategy; the sufficiency of our cash and cash equivalents to meet our liquidity needs; the impact of our senior notes and any future indebtedness on our business, financial condition and results of operations; the demand for our platform in general; our ability to increase our number of new users and revenue generated from users; our ability to retain and expand our user base; the impact on our business of the COVID-19 pandemic restrictions and the easing of those restrictions as vaccinations become more prevalent; the fluctuation of our results of operations and our key business measures on a quarterly basis in future periods; our ability to successfully develop and deploy new technologies to address the needs of our users; our ability to maintain and enhance our brand and reputation; our ability to hire and retain talent; news or social media coverage about Roblox, including but not limited to coverage that presents, or relies on, inaccurate, misleading, incomplete, or otherwise damaging information; any breach or access to user or third-party data; and our ability to maintain the security and availability of our platform. Additional information regarding these and other risks and uncertainties that could cause actual results to differ materially from our expectations is included in the reports we have filed or will file with the SEC, including our Quarterly Report Form on 10-Q for the fiscal quarter ended September 30, 2021.

The forward-looking statements included in this press release represent our views as of the date of this letter. We anticipate that subsequent events and developments will cause our views to change. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release. Past performance is not necessarily indicative of future results.



Non-GAAP Financial Metrics

This letter contains the non-GAAP financial measures bookings, free cash flow, and adjusted EBITDA. We use this non-GAAP financial information to evaluate our ongoing operations, for internal planning and forecasting purposes, and ongoing operating trends for purposes of analyzing the covenants specified in the indenture governing our senior notes due 2030. We believe that this non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance. Bookings is defined as revenue plus the change in deferred revenue during the period and other non-cash adjustments. Bookings is equal to the amount of virtual currency purchased by users in a given period of measurement. We believe bookings provide a timelier indication of trends in our operating results that are not necessarily reflected in our revenue as a result of the fact that we recognize the majority of revenue over the estimated average lifetime of a paying user. The change in deferred revenue constitutes the vast majority of the reconciling difference from revenue to bookings. By removing these non-cash adjustments, we are able to measure and monitor our business performance based on the timing of actual transactions with our users and the cash that is generated from these transactions. Free cash flow represents the net cash provided by operating activities less purchases of property, equipment, and intangible assets. We believe that free cash flow is a useful indicator of our unit economics and liquidity that provides information to management and investors about the amount of cash generated from our core operations that, after the purchases of property, equipment, and intangible assets, can be used for strategic initiatives, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. Adjusted EBITDA is a measure of operating performance used in certain covenant calculations specified in the indenture governing our senior notes due 2030 that is not calculated in accordance with GAAP and may not conform to the calculation of EBITDA in other circumstances. Adjusted EBITDA should not be considered as a substitute for net loss as determined in accordance with GAAP. We believe that, when considered together with reported amounts, Adjusted EBITDA is useful to investors and management in understanding our ongoing operations and ongoing operating trends for purposes of analyzing the covenants specified in the indenture governing our senior notes due 2030.

Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial information as a tool for comparison. As a result, our non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation from, or as a substitute for financial information presented in accordance with GAAP.

A reconciliation table of the most comparable GAAP financial measure to each non-GAAP financial measure used in this letter is included at the end of this letter. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view these non-GAAP measures in conjunction with the most directly comparable GAAP financial measure.



GAAP to Non-GAAP Reconciliation

The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to bookings, for each of the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Reconciliation of revenue to bookings:				
Revenue.....	\$ 568,769	\$ 310,009	\$ 1,919,181	\$ 923,885
Add (deduct):				
Change in deferred revenue.....	203,552	335,049	819,927	965,919
Other.....	(2,205)	(2,747)	(13,402)	(7,261)
Bookings.....	\$ 770,116	\$ 642,311	\$ 2,725,706	\$ 1,882,543

The following table presents a reconciliation of net cash from operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow, for each of the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Reconciliation of net cash from operating activities to free cash flow:				
Net cash provided by operating activities.....	\$ 122,223	\$ 179,004	\$ 659,109	\$ 524,340
Add (deduct):				
Acquisition of property and equipment.....	(44,942)	(51,891)	(93,273)	(104,153)
Purchases of intangible assets.....	-	(8,516)	(7,856)	(8,967)
Free cash flow.....	\$ 77,281	\$ 118,597	\$ 557,980	\$ 411,220

Acquisition of property and equipment primarily includes servers, infrastructure equipment and tenant improvements.

The following table presents a reconciliation of consolidated net loss, the most directly comparable financial measure calculated in accordance with GAAP, to adjusted EBITDA, for each of the periods presented:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Reconciliation of consolidated net loss to adjusted EBITDA:				
Consolidated net loss.....	\$ (147,257)	\$ (60,537)	\$ (503,480)	\$ (257,691)
Add (deduct):				
Interest income.....	(33)	(64)	(92)	(1,822)
Interest expense.....	6,998	-	6,998	-
Other income/(expense), net.....	(14)	(1,325)	1,796	32
Provision for/(benefit from) income taxes.....	656	(6,681)	(320)	(6,656)
Depreciation and amortization.....	22,183	13,576	75,622	43,808
Stock-based compensation expense.....	120,220	16,196	341,942	79,158
Change in fair value of warrants.....	-	-	-	1,890
Accretion and amortization on marketable securities.....	-	5	-	5
Change in deferred revenue.....	203,552	335,049	819,927	965,919
Change in deferred cost of revenue.....	(38,296)	(74,606)	(172,828)	(230,404)
Fees related to equity offering.....	-	4,279	50,586	5,938
Fees related to certain legal settlements.....	-	-	53,775	-
Adjusted EBITDA.....	\$ 168,009	\$ 225,892	\$ 673,926	\$ 600,177



