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Company Information

BOARD OF DIRECTORS

Directors

Mr. Rui Chen (*Chairman and Chief Executive Officer*)
 Ms. Ni Li
 Mr. Yi Xu

Independent Directors

Mr. JP Gan
 Mr. Eric He
 Mr. Feng Li
 Mr. Guoqi Ding

AUDIT COMMITTEE

Mr. Eric He (*Chairman*)
 Mr. JP Gan
 Mr. Feng Li

COMPENSATION COMMITTEE

Mr. JP Gan (*Chairman*)
 Mr. Eric He
 Mr. Feng Li

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Mr. JP Gan (*Chairman*)
 Mr. Eric He
 Mr. Feng Li

JOINT COMPANY SECRETARIES

Mr. Xin Fan
 Ms. Chau Hing Ling Anita (FCG, HKFCG)

AUTHORIZED REPRESENTATIVES

Mr. Yi Xu
 Mr. Xin Fan
 Ms. Chau Hing Ling Anita

PRINCIPAL EXECUTIVE OFFICES OF MAIN OPERATIONS

Building 3, Guozheng Center
 No. 485 Zhengli Road
 Yangpu District
 Shanghai
 People's Republic of China

ADDRESS IN HONG KONG

Suite 603, 6/F, Laws Commercial Plaza
 788 Cheung Sha Wan Road
 Kowloon
 Hong Kong

REGISTERED OFFICE

Walkers Corporate Limited
 190 Elgin Avenue
 George Town
 Grand Cayman KY1-9008
 Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Walkers Corporate Limited
 190 Elgin Avenue
 George Town
 Grand Cayman KY1-9008
 Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
 Shops 1712–1716, 17th Floor
 Hopewell Centre
 183 Queen's Road East
 Wanchai
 Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
 20th Floor, China Building
 29 Queen's Road Central
 Hong Kong

PRINCIPAL BANK

China Merchants Bank Shanghai Branch

STOCK CODE

HKEX: 9626
 NASDAQ: BILI

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
 22/F, Prince's Building
 Central
 Hong Kong

COMPANY WEBSITE

<https://ir.bilibili.com/>

Financial Highlights

	For the Six Months Ended June 30,		
	2022	2023	Change (%)
	RMB	RMB	
	(in thousands, except for percentages)		
Net revenues	9,963,030	10,373,810	4.1%
Gross profit	1,545,526	2,331,466	50.9%
Loss before income tax	(4,237,976)	(2,122,187)	(49.9%)
Net loss	(4,294,577)	(2,177,777)	(49.3%)
Net loss attributable to the Bilibili Inc.'s shareholders	(4,288,909)	(2,174,393)	(49.3%)
Non-GAAP Financial Measures:			
Adjusted net loss	(3,622,848)	(1,994,852)	(44.9%)
Adjusted net loss attributable to the Bilibili Inc.'s shareholders	(3,617,180)	(1,991,468)	(44.9%)

	As of	As of	Change (%)
	2022	2023	
	December 31	June 30	
	RMB	RMB	
	(in thousands, except for percentages)		
Total current assets	24,452,888	18,710,694	(23.5%)
Total non-current assets	17,377,682	16,184,663	(6.9%)
Total assets	41,830,570	34,895,357	(16.6%)
Total liabilities	26,590,983	18,362,675	(30.9%)
Total shareholders' equity	15,239,587	16,532,682	8.5%
Total liabilities and shareholders' equity	41,830,570	34,895,357	(16.6%)

Non-GAAP Financial Measures

The Company uses non-GAAP measures, such as adjusted net loss and adjusted net loss attributable to the Bilibili Inc.'s Shareholders, in evaluating its operating results and for financial and operational decision-making purposes. The Company believes that the non-GAAP financial measures help identify underlying trends in its business by excluding the impact of share-based compensation expenses, amortization expense related to intangible assets acquired through business acquisitions, income tax related to intangible assets acquired through business acquisitions, loss/gain on fair value change in investments in publicly traded companies, gain on repurchase of convertible senior notes, expenses related to organizational optimization, and termination expenses of certain game projects. The Company believes that the non-GAAP financial measures provide useful information about the Company's results of operations, enhance the overall understanding of the Company's past performance and future prospects and allow for greater visibility with respect to key metrics used by the Company's management in its financial and operational decision-making.

Financial Highlights

The non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP and therefore may not be comparable to similar measures presented by other companies. The non-GAAP financial measures have limitations as analytical tools, and when assessing the Company's operating performance, cash flows or liquidity, investors should not consider them in isolation, or as a substitute for net loss, cash flows provided by operating activities or other consolidated statements of operations and cash flows data prepared in accordance with U.S. GAAP.

The Company mitigates these limitations by reconciling the non-GAAP financial measures to the most comparable U.S. GAAP performance measures, all of which should be considered when evaluating the Company's performance.

The following table sets forth unaudited reconciliation of GAAP and non-GAAP results for the periods indicated.

	For the Six Months Ended June 30,	
	2022	2023
	RMB	RMB
	(in thousands)	
Net loss	(4,294,577)	(2,177,777)
Add:		
Share-based compensation expenses	534,560	561,548
Amortization expense related to intangible assets acquired through business acquisitions	96,335	96,302
Income tax related to intangible assets acquired through business acquisitions	(18,009)	(11,250)
Loss/(gain) on fair value change in investments in publicly traded companies	335,929	(181,233)
Gain on repurchase of convertible senior notes	(475,790)	(282,442)
Expenses related to organizational optimization	89,650	—
Termination expenses of certain game projects	109,054	—
Adjusted net loss	(3,622,848)	(1,994,852)

Financial Highlights

	For the Six Months Ended June 30,	
	2022	2023
	RMB	RMB
	(in thousands)	
Net loss attributable to the Bilibili Inc.'s shareholders	(4,288,909)	(2,174,393)
Add:		
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Income tax related to intangible assets acquired through business acquisitions	(18,009)	(11,250)
Loss/(gain) on fair value change in investments in publicly traded companies	335,929	(181,233)
Gain on repurchase of convertible senior notes	(475,790)	(282,442)
Expenses related to organizational optimization	89,650	—
Termination expenses of certain game projects	109,054	—
Adjusted net loss attributable to the Bilibili Inc.'s shareholders	(3,617,180)	(1,991,468)

Business Review and Outlook

BUSINESS REVIEW AND OUTLOOK

Our top priority for 2023 is to improve our commercialization efficiency and narrow our losses. In the first half of this year, we have made solid steps toward these goals. We meaningfully improved our gross profit and cut our losses, while continuing to deliver healthy DAU growth and strong community metrics.

In the first half of this year, we further improved our commercialization efficiency, enabling us to convert our growing traffic into quality revenue growth. The momentum we have seen in our advertising and live broadcasting business is encouraging. In the first half of 2023, our advertising revenues increased by 29% while our live broadcasting revenues grew by 23%, both on a year-over-year basis. Moreover, our gross profit increased by 51% year-over-year, driving our gross profit margin to 22.5% from 15.5% in the same period of last year. Meanwhile, we have strengthened our expense controls. Our total operating expenses declined by 13%, including a 26% decrease in sales and marketing expenses, a 4% decrease in general and administrative expenses and a 3% decrease in research and development expenses, all on a year-over-year basis. The advancements we made with our margin and effective cost management contributed to our improved bottom line. As a result, in the first half of 2023, our net loss and adjusted net loss narrowed by 49% and 45% year-over-year, respectively.

While we focused on improving our financial metrics, we continued to attract more users and enhance the engagement levels of our community. In the first half of this year, our DAUs grew by 17% year-over-year to over 95 million, while our MAUs reached 319 million, driving our DAU/MAU ratio to 29.8%, up from 27.2% in the same period last year. Our users continue to value our evolving and diverse content with the average daily time spent on Bilibili reaching 95 minutes in the first half of this year, bringing users' total time spent on our platform increased by 21% year-over-year.

Business Review and Outlook

Content

Our content ecosystem continues to be our most prized asset. In the first half of 2023, we remained steadfast in our commitment to crafting a comprehensive video platform that empowers content creators and users to explore novel interests, earn recognition and forge connections. The diverse tapestry of Bilibili's content verticals naturally unfurls in response to users' evolving interests. These encompass domains such as automotive, home decoration and professional pursuits, mirroring the progressive journey of our young users through their various life phases. Furthermore, we have extended our content scenarios to align with users' diversified video watching preferences. In addition to professional user-generated videos ("PUGVs"), live broadcasting and Smart TV, our short-form vertical video product, known as Story Mode, caters to our users' video consumption needs during their fragmented time. In the first half of this year, our total daily video views increased by 34% year-over-year to 4.1 billion. Story Mode's daily video views grew by 78% year-over-year, while PUGV average daily video views increased by 22% year-over-year. Story Mode has become one of the key video consumption scenarios for our users, contributing to growth in our DAUs and commercialization in areas such as advertising and live broadcasting.

Content creators are an essential component of our content ecosystem. Supporting our talented content creators' visibility, as well as their ability to earn more money, are among our top tasks. In the first half of 2023, we continued to optimize our algorithms and products to facilitate high-quality content and enable creators to be recognized. The number of daily active content creators on our platform and our monthly content submissions increased by 30% and 61% year-over-year, respectively, in the first half of this year. By further integrating our commercial channels within our ecosystem, we continued to empower content creators to realize their commercial value through diverse avenues. In the first half of this year, over 2.1 million creators earned money through various Bilibili channels, representing a 41% increase year-over-year. In addition to our cash incentive program, more creators are earning income through multiple commercialization channels, such as advertising, live broadcasting, online paid courses and workshops.

We are also exploring the integration of AI applications within our content ecosystem. Utilizing AI-generated content ("AIGC") can enhance both content creation efficiency and user experience. We believe it holds great promise and tremendous potential for the video industry. Leveraging these evolving technologies, we can further enrich our content supply, empowering our creators to bring their visions to life more easily and effectively. We are also beta testing new features powered by AIGC, including an AI-powered search feature, to further enhance user experience and offer personalized and captivating content that deeply engages our user community.

Business Review and Outlook

Community

The inspiring community atmosphere and diverse interactive features we provide are fostering strong connections between our users and our platform. The average daily time spent on our platform was 95 minutes in the first half of this year, the highest level for a first half year period in our operating history. Users' monthly interactions reached around 14.6 billion in the first half of this year, up 17% year-over-year. As of the end of June 2023, our core group of official members also increased by 26% year-over-year to 214 million with a solid 12-month retention rate of around 80%.

Our signature offline events also bring our community together in person. This July, we hosted two exciting offline events: *Bilibili World* and *Bilibili Macro Link* in Shanghai. Over 200,000 tickets were sold out almost immediately. The tremendous response highlights Bilibili's strong influence and leadership among young generations in China, as well as users' strong willingness to pay for our unique community experiences.

Commercialization

In 2023, we focus on enhancing efficiency, improving gross profit and reducing losses. We have intensified the integration of commercial initiatives including advertising and live broadcasting throughout our ecosystem, and streamlined our resources toward our core commercial businesses. We remain steadfast in our commitment to achieving our financial goals, while nurturing a welcoming and inspiring user community.

Value-Added Services

Revenues from value-added services business were RMB4.5 billion in the first half of this year, representing an increase of 7% from the first half of 2022, primarily driven by the revenue growth of our live broadcasting business which increased by 23% year-over-year. We continue to integrate our live broadcasting capabilities within our video ecosystem. As one of the primary ways for creators to monetize their talent, more creators are making the transition to live broadcasting hosts. In the first half of this year, the number of monthly active live broadcasting hosts increased by 24% year-over-year. Meanwhile, we are exploring new live broadcasting products to create more paying channels for our users.

Meanwhile, we continued to enrich our occupationally-generated videos ("OGVs") library and convert more users to premium memberships. By the end of June, we had around 20.5 million premium members. Over 80% of these were annual or auto-renew package subscribers, which represents users' strong trust in our brand and content offerings.

Business Review and Outlook

Advertising

Revenues from advertising business were RMB2.8 billion in the first half of this year, representing an increase of 29% from the first half of 2022, mainly led by our performance-based advertising revenue growth, which increased by 58% year-over-year. Revenues from brand advertising and Sparkle advertising offerings also grew by double digit percentages year-over-year for the period. In the first half of 2023, we continued to expand and optimize our advertising product offerings. At the same time, we have been continuously building our commercial database and improving our ad algorithm to drive better results for our advertising clients. As we progress our initiative to integrate sales conversion with advertising products, we have found an effective way to convert our high-quality traffic to advertising revenue growth.

Mobile Games Services

Our revenues from mobile games services were RMB2.0 billion in the first half of this year, representing a decrease of 16% from the first half of 2022, mainly due to the lack of new game launches and revenue declines from certain games. The performance of our top two performing games, *Azur Lane* and *Fate Grand Order*, remained stable. Particularly, during *Azur Lane*'s six-year anniversary, the game reached new peaks in paying users and revenues. We remain dedicated to our in-house development of high-quality games. We believe top-tier games built on a deep understanding of user needs can generate profitability over the long run.

Inclusion of Class Z Ordinary Shares in the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect Programs

Our Class Z Ordinary Shares traded on the Stock Exchange have been included in the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect programs, both effective March 13, 2023. Following the inclusion, eligible investors in the Chinese Mainland can have direct access to the trading of the Company's Class Z Ordinary Shares.

Repurchase of Convertible Senior Notes

In January 2023, the Company repurchased an aggregate principal amount of US\$384.8 million (RMB2.6 billion) December 2026 Notes with an aggregate consideration of US\$331.2 million (RMB2.2 billion) that was funded by the Company's ADS issuance. In June 2023, the Company completed the repurchase right offer for its 2027 Notes. An aggregate principal amount of US\$745.9 million (RMB5.3 billion) 2027 Notes was validly surrendered and repurchased with an aggregate cash consideration of US\$745.9 million (RMB5.3 billion). The total gain on repurchase of December 2026 Notes and 2027 Notes was RMB282.4 million for the six months ended June 30, 2023.

As of June 30, 2023, the aggregate outstanding principal amount of April 2026 Notes, 2027 Notes and December 2026 Notes was RMB6.3 billion (US\$876.3 million).

Business Review and Outlook

Recent Development after the Reporting Period

Save as disclosed in this interim report, there were no other significant events that might affect us since the end of the Reporting Period and up to the Latest Practicable Date.

BUSINESS OUTLOOK

In the first half of the year, we accelerated our monetization efforts and improved gross profit and narrowed losses, while continuing to foster the healthy growth of our community. As we move into the second half of this year, our main tasks will focus on the following three core areas: First, we aim to further enhance our traffic commercialization efficiency by increasing our advertising revenues and live broadcasting revenues. Additionally, we will bring more high-quality games to our users, including the highly anticipated *Pretty Derby*. Secondly, we will continue to take a prudent financial approach with strict control of our costs and expenses, and further narrow our losses. Last but not least, we are committed to achieving ongoing healthy DAU growth, and will continue to foster an inspiring video community for young generations in China.

Management Discussion and Analysis

	For the Six Months Ended June 30,	
	2022	2023
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Net Revenues:		
Mobile games	2,404,054	2,022,503
Value-added services (VAS)	4,155,650	4,457,965
Advertising	2,199,022	2,844,644
IP derivatives and others (formerly known as E-commerce and others)	1,204,304	1,048,698
Total net revenues	9,963,030	10,373,810
Cost of revenues	(8,417,504)	(8,042,344)
Gross profit	1,545,526	2,331,466
Operating expenses:		
Sales and marketing expenses	(2,425,888)	(1,798,383)
General and administrative expenses	(1,160,961)	(1,111,394)
Research and development expenses	(2,140,551)	(2,074,033)
Total operating expenses	(5,727,400)	(4,983,810)
Loss from operations	(4,181,874)	(2,652,344)
Other (expenses)/income:		
Investment (loss)/income, net (including impairments)	(544,273)	8,321
Interest income	90,268	298,300
Interest expense	(123,612)	(105,682)
Exchange losses	(21,526)	(16,552)
Debt extinguishment gain	475,790	282,442
Others, net	67,251	63,328
Total other (expenses)/income, net	(56,102)	530,157
Loss before income tax	(4,237,976)	(2,122,187)
Income tax	(56,601)	(55,590)
Net loss	(4,294,577)	(2,177,777)
Net loss attributable to:		
Bilibili Inc.'s shareholders	(4,288,909)	(2,174,393)
Noncontrolling interests	(5,668)	(3,384)
Net loss	(4,294,577)	(2,177,777)

Management Discussion and Analysis

NET REVENUES

Total net revenues were RMB10.4 billion for the six months ended June 30, 2023, representing an increase of 4% from RMB10.0 billion for the six months ended June 30, 2022.

Value-added services (VAS)

Revenues from VAS were RMB4.5 billion for the six months ended June 30, 2023, representing an increase of 7% from RMB4.2 billion for the six months ended June 30, 2022. The increase was led by an increased amount of average revenues generated from each paying user for the Company's value-added services, including live broadcasting and other value-added services.

Advertising

Revenues from advertising were RMB2.8 billion for the six months ended June 30, 2023, representing an increase of 29% from RMB2.2 billion for the six months ended June 30, 2022. This increase was mainly attributable to the Company's improved advertising product offerings and enhanced advertising efficiency.

Mobile games

Revenues from mobile games were RMB2.0 billion for the six months ended June 30, 2023, representing a decrease of 16% from RMB2.4 billion for the six months ended June 30, 2022, mainly attributable to the lack of new game launches as well as revenues decline from certain games for the six months ended June 30, 2023.

IP derivatives and others (formerly known as E-commerce and others)

Revenues from IP derivatives and others were RMB1.0 billion for the six months ended June 30, 2023, representing a decrease of 13% from RMB1.2 billion for the six months ended June 30, 2022, mainly attributable to decreased revenue from e-sports copyright sub-licensing.

Management Discussion and Analysis

COST OF REVENUES

Cost of revenues was RMB8.0 billion for the six months ended June 30, 2023, representing a decrease of 4% from RMB8.4 billion for the six months ended June 30, 2022. The decrease was mainly due to lower server and bandwidth costs and others costs. Revenue-sharing costs, a key component of cost of revenues, was RMB4.2 billion, remaining stable from RMB4.2 billion for the six months ended June 30, 2022. Server and bandwidth costs represented a decrease of 14% for the six months ended June 30, 2022.

GROSS PROFIT

Gross profit was RMB2.3 billion for the six months ended June 30, 2023, representing an increase of 51% from RMB1.5 billion for the six months ended June 30, 2022, primarily due to the Company's improved operating leverage, as the Company enhanced its monetization efficiency.

OPERATING EXPENSES

Total operating expenses were RMB5.0 billion for the six months ended June 30, 2023, representing a decrease of 13% from RMB5.7 billion for the six months ended June 30, 2022.

Sales and marketing expenses

Sales and marketing expenses were RMB1.8 billion for the six months ended June 30, 2023, representing a 26% decrease from RMB2.4 billion for the six months ended June 30, 2022. The decrease was primarily attributable to reduced promotional spending related to user acquisition for the six months ended June 30, 2023.

General and administrative expenses

General and administrative expenses were RMB1.1 billion for the six months ended June 30, 2023, representing a 4% decrease from RMB1.2 billion for the six months ended June 30, 2022.

Research and development expenses

Research and development expenses were RMB2.07 billion for the six months ended June 30, 2023, representing a 3% decrease from RMB2.14 billion for the six months ended June 30, 2022.

LOSS FROM OPERATIONS

Loss from operations was RMB2.7 billion for the six months ended June 30, 2023, narrowing by 37% from RMB4.2 billion for the six months ended June 30, 2022.

Management Discussion and Analysis

TOTAL OTHER (EXPENSES)/INCOME, NET

Total other income was RMB530.2 million for the six months ended June 30, 2023, compared with total other expenses of RMB56.1 million in the same period of 2022. The change was primarily attributable to a gain of RMB181.2 million on fair value change in investments in publicly traded companies for the six months ended June 30, 2023, compared to a loss of RMB335.9 million on fair value change in investments in publicly traded companies for the same period of 2022.

INCOME TAX

Income tax expense was RMB55.6 million for the six months ended June 30, 2023, compared with RMB56.6 million for the six months ended June 30, 2022.

NET LOSS

Net loss was RMB2.2 billion for the six months ended June 30, 2023, narrowing by 49% from RMB4.3 billion for the six months ended June 30, 2022.

LIQUIDITY

Our cash and cash equivalents, time deposits and short-term investments decreased by 27% from RMB19.6 billion as of December 31, 2022 to RMB14.3 billion as of June 30, 2023. The decrease was primarily due to the repurchase of 2027 Notes for a total cash consideration of US\$745.9 million (RMB5.3 billion) during the six months ended June 30, 2023.

SIGNIFICANT INVESTMENTS

The Group did not make or hold any significant investments during the six months ended June 30, 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended June 30, 2023.

PLEDGE OF ASSETS

As at June 30, 2023, none of our assets were pledged to secure loans and banking facilities.

Management Discussion and Analysis

GEARING RATIO

As at June 30, 2023, the Company's gearing ratio (i.e. total liabilities divided by total assets, in percentage) was 52.6%, compared with 63.6% as at December 31, 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at June 30, 2023, the Group did not have detailed future plans for material investments or capital assets.

FOREIGN EXCHANGE EXPOSURE

A substantial majority of our revenues and costs is denominated in Renminbi. Any significant depreciation of the Renminbi may materially adversely affect the value of, and any dividends payable on, the ADSs in U.S. dollars. For example, when we convert our U.S. dollars denominated funds into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us. In addition, appreciation or depreciation in the value of the Renminbi relative to U.S. dollars would affect our financial results reported in U.S. dollar terms regardless of any underlying change in our business or results of operations. Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

CONTINGENT LIABILITIES

The Company had no material contingent liabilities as at June 30, 2023.

EMPLOYEES AND REMUNERATION

As of June 30, 2023, we had a total of 10,354 employees, compared to 11,092 as of December 31, 2022.

As required under PRC regulations, the Company participates in housing funds and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing funds, pension, maternity, medical, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of its employees. We also purchase commercial health and accidental insurance for our employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of the Group's business. The Company has granted and plans to continue to grant share-based incentive awards to its employees in the future to incentivize their contributions to its growth and development.

Corporate Governance

WEIGHTED VOTING RIGHTS

The Company is controlled through weighted voting rights. Under the Company's weighted voting rights structure, each Class Y Ordinary Share entitles the holder to exercise ten votes and each Class Z Ordinary Share entitles the holder to exercise one vote on all matters that require a Shareholder's vote, subject to Rule 8A.24 of the Listing Rules, that requires Reserved Matters to be voted on a one vote per share basis. The Company's weighted voting rights structure enables Mr. Rui Chen, Ms. Ni Li and Mr. Yi Xu, holders of the Class Y Ordinary Shares (the "WVR Beneficiaries"), to exercise voting control over the Company notwithstanding that the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This allows the Company to benefit from the continued vision and leadership of the WVR Beneficiaries.

Shareholders and prospective investors are advised to be aware of the potential risks of investing in companies with a weighted voting rights structure, in particular that the interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of the Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration.

As at June 30, 2023, the WVR Beneficiaries were interested in a total of 83,715,114 Class Y Ordinary Shares, representing a total of 71.9% voting rights in the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters (excluding 4,169,372 Class Z Ordinary Shares issued and reserved for future issuance upon the exercise or vesting of awards granted under the Company's share incentive plans). Class Y Ordinary Shares may be converted into Class Z Ordinary Shares on a one-to-one ratio. Upon the conversion of the Class Y Ordinary Shares, the Company would redesignate 83,715,114 Class Y Ordinary Shares and reissue the same number of Class Z Ordinary Shares, representing 20.4% of the issued share capital of the Company as of June 30, 2023 (excluding 4,169,372 Class Z Ordinary Shares issued and reserved for future issuance upon the exercise or vesting of awards granted under the Company's share incentive plans).

As at June 30, 2023, Mr. Rui Chen was interested in, and controlled through Vanship Limited, 49,299,006 Class Y Ordinary Shares and 525,525 Class Z Ordinary Shares in the form of ADSs, and 1,902,000 Class Z Ordinary Shares issuable to Mr. Rui Chen upon exercise of options within 60 days after June 30, 2023, representing 42.4% of the voting rights in the Company. Vanship Limited is controlled by a trust of which Mr. Chen and his family members are the beneficiaries. As at June 30, 2023, Ms. Ni Li was interested in, and controlled through Saber Lily Limited, 7,200,000 Class Y Ordinary Shares and 908,300 Class Z Ordinary Shares, and 668,000 Class Z Ordinary Shares issuable to Ms. Ni Li upon exercise of options within 60 days after June 30, 2023, representing a total of 6.3% of the voting rights in the Company. Saber Lily Limited is controlled by a trust, and Ms. Li and her family members are the trust's beneficiaries. As at June 30, 2023, Mr. Yi Xu was interested in, and controlled through Kami Sama Limited, 27,216,108 Class Y Ordinary Shares and 151,100 Class Z Ordinary Shares, and he held 45,000 Class Z Ordinary Shares in the form of ADSs, representing a total of 23.4% of the voting rights in the Company. Kami Sama Limited is controlled by a trust, and Mr. Xu and his family members are the trust's beneficiaries.

Corporate Governance

The weighted voting rights attached to the Class Y Ordinary Shares will cease when none of the WVR Beneficiaries have beneficial ownership of any of the Class Y Ordinary Shares, in accordance with Rule 8A.22 of the Listing Rules.

This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where a WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;
- (ii) when a WVR Beneficiary has transferred to another person the beneficial ownership of, or economic interest in, all of the Class Y Ordinary Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;
- (iii) where a vehicle holding Class Y Ordinary Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules; or
- (iv) when all of the Class Y Ordinary Shares have been converted to Class Z Ordinary Shares.

The Company confirms that it has, during the Reporting Period, complied with the Corporate Governance Code set out in Appendix 14 to the Listing Rules to the extent required by Chapter 8A of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

During the Reporting Period, we have complied with all the code provisions of the Corporate Governance Code set forth in Part 2 of Appendix 14 to the Listing Rules, save for the following.

Code provision C.2.1 of the Corporate Governance Code, recommends, but does not require, that the roles of chairperson and chief executive officer should be separate and should not be performed by the same person. The Company deviates from this code provision because Mr. Rui Chen performs both the roles of the chairperson of the Board and the chief executive officer of the Company. Mr. Chen has extensive experience in our business operations and management. The Board believes that vesting the roles of both chairman and chief executive officer to Mr. Chen has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively.

Corporate Governance

The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and four independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account our circumstances as a whole.

Code provision F.1.1 of the Corporate Governance Code provides that an issuer should have a policy on payment of dividends and should disclose it in the annual report. The Company deviates from this code provision because the Company does not have a dividend policy. The Board has complete discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. Even if the Board decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Code, with terms no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Code during the Reporting Period and up to the Latest Practicable Date.

AUDIT COMMITTEE

The Audit Committee consists of Mr. Eric He, Mr. JP Gan and Mr. Feng Li. Mr. Eric He is the chairman of our Audit Committee. The Company have determined that Mr. Eric He, Mr. JP Gan and Mr. Feng Li each satisfies the “independence” requirements of Rule 5605(c)(2) of the Nasdaq Stock Market Rules and meet the independence standards under Rule 10A-3 under the Exchange Act, as amended. We have determined that Mr. Eric He qualifies as an “Audit Committee financial expert.” The Audit Committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The Audit Committee is responsible for, among other things:

- appointing the independent registered public accounting firms and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firms;
- reviewing with the independent registered public accounting firms any audit problems or difficulties and management’s response;

Corporate Governance

- discussing the annual audited financial statements with management and the independent registered public accounting firms;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent registered public accounting firms; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended June 30, 2023 and has met with the independent auditor, PricewaterhouseCoopers. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters with senior management members of the Company.

In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed our interim financial information for the six months ended June 30, 2023 in accordance with International Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*”

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Company’s Nominating and Corporate Governance Committee complies with Rules 8A.27, 8A.28 and 8A.30 of the Listing Rules. The members of the Nominating and Corporate Governance Committee are independent non-executive Directors, namely, Mr. JP Gan, Mr. Eric He and Mr. Feng Li. Mr. JP Gan is the chairman of the Nominating and Corporate Governance Committee.

The following is a summary of the work performed by the Nominating and Corporate Governance Committee during the Reporting Period in respect of its corporate governance functions:

- Reviewed and monitored whether the Company is operated and managed for the benefits of all its Shareholders;
- Reviewed the policies and practices of the Company on corporate governance and on compliance with legal and regulatory requirements;

Corporate Governance

- Reviewed the Company's compliance with the Corporate Governance Code to the extent required by Chapter 8A of the Listing Rules and the Company's disclosure for compliance with Chapter 8A of the Listing Rules;
- Reviewed and monitored the management of conflicts of interests between the Company and its subsidiaries and consolidated affiliated entities/the Shareholders on one hand and the WVR Beneficiaries on the other;
- Reviewed and monitored all risks related to the weighted voting rights structure, including any connected transactions between the Company and its subsidiaries and consolidated affiliated entities on one hand and any WVR Beneficiary on the other, and made recommendations to the Board on any such transactions;
- Reviewed the arrangements for the training and continuous professional development of directors and senior management (in particular, Chapter 8A of the Listing Rules and knowledge in relation to the risks relating to the weighted voting rights structure);
- Reviewed and confirmed that the WVR Beneficiaries have been members of the Board throughout the Reporting Period and that no matters under Rule 8A.17 of the Listing Rules have occurred during the Reporting Period, and they have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the Reporting Period;
- Sought to ensure effective and on-going communication between the Company and its Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules; and
- Reported on the work of the Nominating and Corporate Governance Committee covering areas of its terms of reference.

The Nominating and Corporate Governance Committee recommended the Board to continue the implementation of the corporate governance measures described above and to periodically review their efficacy.

OTHER BOARD COMMITTEES

In addition to the Audit Committee and the Nominating and Corporate Governance Committee, the Board has also established the Compensation Committee. Each of these committees is established with a defined written charter. The charters of the Board committees are available on the websites of the Company's Investor Relations website and website of the Stock Exchange.

Other Information

Disclosure of Interests

Directors and Chief Executives

As at June 30, 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director or chief executive	Nature of interest	Number and class of Shares ⁽⁵⁾	Approximate % of interest in each class of Shares ⁽¹⁾
Mr. Rui Chen ⁽²⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	49,299,006 Class Y Ordinary Shares	58.89%
	Beneficial owner	5,000,000 Class Z Ordinary Shares	1.53%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	525,525 Class Z Ordinary Shares	0.16%
Ms. Ni Li ⁽³⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	7,200,000 Class Y Ordinary Shares	8.60%
	Beneficial owner	3,000,000 Class Z Ordinary Shares	0.92%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	908,300 Class Z Ordinary Shares	0.28%
Mr. Yi Xu ⁽⁴⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	27,216,108 Class Y Ordinary Shares	32.51%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	151,100 Class Z Ordinary Shares	0.05%
	Beneficial owner	45,000 Class Z Ordinary Shares	0.01%
Mr. JP Gan	Beneficial owner	170,963 Class Z Ordinary Shares	0.05%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	37,500 Class Z Ordinary Shares	0.01%
	Interest in controlled corporation	149,700 Class Z Ordinary Shares	0.05%
Mr. Eric He	Beneficial owner	163,463 Class Z Ordinary Shares	0.05%

Other Information

Notes:

- (1) The calculations are based on a total number of 83,715,114 Class Y Ordinary Shares and 327,376,931 Class Z Ordinary Shares in issue (excluding 4,169,372 Class Z Ordinary Shares issued and reserved for future issuance upon the exercising or vesting of awards granted under the Company's share incentive plans) as at June 30, 2023.
- (2) Mr. Rui Chen was interested in (i) 49,299,006 Class Y Ordinary Shares through Vanship Limited, which is controlled by The Le Petit Prince Trust, a trust of which Mr. Chen is the settlor, and Mr. Chen and his family members are the beneficiaries; and (ii) 5,000,000 Class Z Ordinary Shares underlying options granted and 525,525 Class Z Ordinary Shares in ADSs through Vanship Limited.
- (3) Ms. Ni Li was interested in (i) 7,200,000 Class Y Ordinary Shares through Saber Lily Limited, which is controlled by The Fortuna Trust, a trust of which Ms. Li is the settlor, and Ms. Li and her family members are the beneficiaries; and (ii) 3,000,000 Class Z Ordinary Shares underlying options granted and 908,300 Class Z Ordinary Shares through Saber Lily Limited.
- (4) Mr. Yi Xu was interested in (i) 27,216,108 Class Y Ordinary Shares through Kami Sama Limited, which is in turn controlled by The Homur Trust, a trust of which Mr. Xu is the settlor, and Mr. Xu and his family members are the beneficiaries; and (ii) 151,100 Class Z Ordinary Shares through Kami Sama Limited. The 45,000 Class Z Ordinary Shares are in the form of ADSs.
- (5) All interests stated are long positions.

Interest in associated corporations

上海信樂彼成文化諮詢有限公司

Name of Director or chief executive	Nature of interest	Approximate % of equity interest in associated corporation
Mr. Rui Chen	Interest in controlled corporation	12.50%
Ms. Ni Li	Interest in controlled corporation	12.50%

上海嚶哩嚶哩電競信息科技有限公司

Name of Director or chief executive	Nature of interest	Approximate % of equity interest in associated corporation
Mr. Rui Chen	Beneficial owner	25.04%
Ms. Ni Li	Beneficial owner	6.87%
Mr. Yi Xu	Beneficial owner	3.44%

Save as disclosed above, as at June 30, 2023, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

Substantial Shareholders

As at June 30, 2023, the following persons (other than the Directors and chief executives whose interests have been separately disclosed in this interim report) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares
Class Y Ordinary Shares			
Vanship Limited ⁽³⁾	Beneficial owner	49,299,006 ⁽⁸⁾	58.89% ⁽¹⁾
Kami Sama Limited ⁽⁴⁾	Beneficial owner	27,216,108 ⁽⁸⁾	32.51% ⁽¹⁾
Saber Lily Limited ⁽⁵⁾	Beneficial owner	7,200,000 ⁽⁸⁾	8.60% ⁽¹⁾
Class Z Ordinary Shares			
Tencent ⁽⁶⁾	Interest of controlled corporation	43,749,518 ⁽⁸⁾	13.20% ⁽²⁾
Tencent Mobility Limited ⁽⁶⁾	Beneficial owner	32,795,161 ⁽⁸⁾	9.89% ⁽²⁾
Alibaba Group Holding Limited ⁽⁷⁾	Interest of controlled corporation	30,845,657 ⁽⁸⁾	9.42% ⁽¹⁾
Taobao China Holding Limited ⁽⁷⁾	Beneficial owner	30,845,657 ⁽⁸⁾	9.42% ⁽¹⁾
Taobao Holding Limited ⁽⁷⁾	Interest of controlled corporation	30,845,657 ⁽⁸⁾	9.42% ⁽¹⁾

Notes:

- (1) The calculations are based on a total number of 83,715,114 Class Y Ordinary Shares and 327,376,931 Class Z Ordinary Shares in issue (excluding 4,169,372 Class Z Ordinary Shares issued and reserved for future issuance upon the exercising or vesting of awards granted under the Company's share incentive plans) as at June 30, 2023.
- (2) The calculations are based on a total number of 83,715,114 Class Y Ordinary Shares and 331,546,303 Class Z Ordinary Shares in issue (including 4,169,372 Class Z Ordinary Shares issued and reserved for future issuance upon the exercising or vesting of awards granted under the Company's share incentive plans) as at June 30, 2023.
- (3) Mr. Rui Chen was interested in 49,299,006 Class Y Ordinary Shares through Vanship Limited, which is controlled by The Le Petit Prince Trust, a trust of which Mr. Chen is the settlor, and Mr. Chen and his family members are the beneficiaries.
- (4) Mr. Yi Xu was interested in 27,216,108 Class Y Ordinary Shares through Kami Sama Limited, which is in turn controlled by The Homur Trust, a trust of which Mr. Xu is the settlor, and Mr. Xu and his family members are the beneficiaries.
- (5) Ms. Ni Li was interested in 7,200,000 Class Y Ordinary Shares through Saber Lily Limited, which is controlled by The Fortuna Trust, a trust of which Ms. Li is the settlor, and Ms. Li and her family members are the beneficiaries.
- (6) Tencent Mobility Limited was interested in 32,795,161 Class Z Ordinary Shares as beneficial owner, which includes a derivative interest in 6,500,000 Class Z Ordinary Shares representing 6,500,000 ADSs. Tencent Mobility Limited is wholly owned by Tencent. 10,954,357 Class Z Ordinary Shares were held by OPH B Limited, which is wholly owned by Oriental Power Holdings Limited, which is in turn wholly owned by Tencent.
- (7) 30,845,657 Class Z Ordinary Shares were held by Taobao China Holding Limited, which is wholly owned by Taobao Holding Limited, which is in turn wholly owned by Alibaba Group Holding Limited.
- (8) Interests stated are long position.

Other Information

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares
JPMorgan Chase & Co. ⁽⁹⁾	Interest of controlled corporation	12,327,268 ^(B)	3.72% ⁽²⁾
		11,470,302 (Short position)	3.46% ⁽²⁾
	Investment manager	184,926 ^(B)	0.06% ⁽²⁾
	Person having a security interest in shares	5,559,593 ^(B)	1.68% ⁽²⁾
Brown Brothers Harriman & Co. ⁽¹⁰⁾	Approved lending agent	6,983,746 ^(B)	2.11% ⁽²⁾
	Approved lending agent	19,560,388 ^(B)	5.97% ⁽¹⁾

Notes:

- (9) JPMorgan Chase & Co. was interested in an aggregated 25,055,533 Class Z Ordinary Shares (long position), 11,470,302 Class Z Ordinary Shares (short position) and 6,983,746 Class Z Ordinary Shares (lending pool) in the Company. According to the disclosure of interest notice filed by JPMorgan Chase & Co. regarding the relevant event dated June 9, 2023, such Class Z Ordinary Shares are held by JPMorgan Chase & Co. indirectly through certain of its subsidiaries. Among them, 461,900 Class Z Ordinary Shares (long position) and 33,200 Class Z Ordinary Shares (short position) were held through physically settled listed derivatives, 3,670 Class Z Ordinary Shares (long position) and 88,446 Class Z Ordinary Shares (short position) were held through cash settled listed derivatives, 674,344 Class Z Ordinary Shares (short position) were held through physically settled unlisted derivatives, 3,046,042 Class Z Ordinary Shares (long position) and 424,495 Class Z Ordinary Shares (short position) were held through cash settled unlisted derivatives, and 4,182,601 Class Z Ordinary Shares (long position) and 53,073 Class Z Ordinary Shares (short position) were held through a listed derivatives which are convertible instruments.
- (10) Brown Brothers Harriman & Co. was deemed to be interested in an aggregated 19,560,388 Class Z Ordinary Shares (long position) and 19,560,388 Class Z Ordinary Shares (lending pool) in the Company.

Save as disclosed above, as at June 30, 2023, to the best knowledge of the Directors, no person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Schemes

The Company has two share schemes, namely the Global Share Plan (terminated on the Primary Conversion Effective Date) and the 2018 Share Incentive Plan. From January 1, 2023, the Company has relied on the transitional arrangements provided for the existing share schemes and has complied, and will continue to, with the new Chapter 17 accordingly (effective from January 1, 2023). Please refer to the annual report of the Company for the year ended December 31, 2022 for a summary of the key terms of each share scheme. The tables below set out the details of the outstanding options and awards under each share scheme during the Reporting Period.

6,150,725 Class Z Ordinary Shares, representing approximately 1.5% of the weighted average of issued share capital of the Company, may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the 2018 Share Incentive Plan.

Other Information

Global Share Plan

As the Global Share Plan was terminated on the Primary Conversion Effective Date, no Class Z Ordinary Shares were available for grant under the Global Share Plan as at January 1, 2023 and June 30, 2023, respectively. The awards previously granted and outstanding and the evidencing original award agreements shall survive the termination of the Global Share Plan and remain effective until the expiration of their original terms, as may be amended from time to time.

Details of the outstanding options of the Global Share Plan during the Reporting Period are set out below.

Name	Date of Grant	Vesting Period	Exercise Period	Exercise Price (USD)	Number of Class Z Ordinary Shares underlying options outstanding as at January 1, 2023	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Class Z Ordinary Shares underlying options outstanding as at June 30, 2023	Weighted average closing price of Class Z Ordinary Shares immediately before date(s) of exercise
Directors										
Mr. JP Gan	March 20, 2020	3 years	6 years	\$0.0001	12,500	–	–	–	12,500	–
Other grantees by category										
Employee Participants	From June 10, 2017 to March 20, 2020	4 years	6 years	\$0.0001	1,059,150	443,975	–	23,250	591,925	HKD171.6

Notes:

- (1) No further options would be granted under the Global Share Plan after the Primary Conversion.
- (2) No options were granted under the Global Share Plan during the Reporting Period.

2018 Share Incentive Plan

The maximum aggregate number of Class Z Ordinary Shares which may be issued pursuant to all awards is 30,673,710, which is 10% of the total number of issued Class Z Ordinary Shares as at the Primary Conversion Effective Date (excluding Class Z Ordinary Shares underlying awards which have terminated, expired, lapsed or have been forfeited in accordance with the rules of the 2018 Share Incentive Plan). As at January 1, 2023, 28,706,326 Class Z Ordinary Shares were available for grant under the 2018 Share Incentive Plan. During the Reporting Period, 6,150,725 Class Z Ordinary Shares underlying awards were granted to eligible participants pursuant to the 2018 Share Incentive Plan and 1,034,125 Class Z Ordinary Shares underlying awards were terminated, expired, lapsed or have been forfeited, respectively. It follows that, as at June 30, 2023, 22,555,601 Class Z Ordinary Shares were available for grant under the 2018 Share Incentive Plan.

Other Information

Details of the outstanding options under the 2018 Share Incentive Plan are as follows:

Name	Date of Grant	Vesting Period	Exercise Period	Exercise Price (USD)	Number of Class Z Ordinary Shares underlying options outstanding as at January 1, 2023	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of Class Z Ordinary Shares underlying options outstanding as at June 30, 2023	Weighted average closing price of Class Z Ordinary Shares immediately before date(s) of exercise
Directors										
Mr. Rui Chen	From March 23, 2020 to November 23, 2020	6 years	7 years	\$0.0001–\$20.26	5,000,000	—	—	—	5,000,000	—
Ms. Ni Li	November 23, 2020	6 years	7 years	\$0.0001	2,000,000	—	—	—	2,000,000	—
Mr. JP Gan	July 1, 2022	3 years	6 years	\$0.0001	13,463	—	—	—	13,463	—
Mr. Eric He	July 1, 2022	3 years	6 years	\$0.0001	13,463	—	—	—	13,463	—
Other grantees by category										
Consultants ⁽²⁾	From April 20, 2021 to September 15, 2022	1–4 years	6 years	\$0.0001	156,071	—	—	—	156,071	—
Employee Participants	From April 2, 2018 to September 15, 2022	0–6 years	6–7 years	\$0.0001–\$20.26	13,655,781	711,985	—	757,388	12,186,408	HKD154.1

Notes:

- (1) No further options would be granted under the 2018 Share Incentive Plan after the Primary Conversion.
- (2) Consultants mean service providers, other than employees.

Other Information

Details of the unvested restricted share units granted under the 2018 Share Incentive Plan (to be satisfied by Class Z Ordinary Shares) are as follows:

Name	Date of Grant	Vesting Period	Purchase Price	Unvested restricted share units as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested restricted share units as at June 30, 2023	Weighted average closing price of Class Z Ordinary Shares immediately before date(s) of vesting
Directors										
Ms. Ni Li	March 31, 2023	6 years	\$0	—	1,000,000	—	—	—	1,000,000	—
Other grantees by category										
Consultants ⁽¹⁾	December 14, 2022	0–2 years	\$0	35,000	—	12,500	—	—	22,500	HKD186.8
Employee Participants	From December 14, 2022 to June 30, 2023	4–6 years	\$0	1,932,384	5,150,725	—	—	276,737	6,806,372	—

Notes:

- (1) Consultants mean service providers, other than employees.

Further details of the unvested restricted share units granted under the 2018 Share Incentive Plan during the Reporting Period (to be satisfied by Class Z Ordinary Shares) are as follows:

Name	Number of restricted share units granted during the Reporting Period	Date of grant	Vesting period	Purchase price	Performance Targets	Closing price of Class Z Ordinary Shares immediately before the date of grant (HKD)	Fair value of Class Z Ordinary Shares at the date of grant (RMB in thousands) ⁽¹⁾
Directors							
Ms. Ni Li	1,000,000	March 31, 2023	6 years	\$0	None	191.3	161,485
Other grantees by category							
Employee Participants	5,150,725	March 31, 2023 and June 30, 2023	4–6 years	\$0	None	191.3 and 117.4	744,679

Notes:

- (1) The fair values of the restricted share units are calculated in accordance with the accounting standards and policies adopted for preparing the Company's financial statements. The Group recognizes the compensation cost, net of estimated forfeitures, over a vesting term for service-based RSUs.
- (2) For further details of the restricted share units granted under the 2018 Share Incentive Plan during the Reporting Period, please refer to the announcements of the Company dated March 31, 2023 and June 30, 2023.

Other Information

Use of Proceeds

Use of proceeds from the Global Offering

The net proceeds received by the Company from the Global Offering were approximately HK\$22.9 billion (RMB19.3 billion) after deducting underwriting expenses and other offering expenses. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company expects to fully utilize the residual amount of the net proceeds in accordance with such intended purposes within three years.

As at June 30, 2023, the Group had utilized the net proceeds as set out in the table below:

Purpose	% of use of proceeds	Net proceeds (HK\$ million)	Unutilized amount as at January 1, 2023 (HK\$ million)	Utilized for the Reporting Period (HK\$ million)	Unutilized amount as at June 30, 2023 (HK\$ million)
Our content to support our healthy and high-quality user growth, ever-growing content ecosystem and development of our community	50%	11,451.8	6,625.3	1,382.2	5,243.1
Research and development to improve our user experience and strengthen our user-centric commercialization capabilities	20%	4,580.7	1,464.8	730.5	734.3
Sales and marketing, primarily to fuel our user growth and to raise our brand awareness	20%	4,580.7	2,250.5	880.0	1,370.5
General corporate purposes and working capital needs	10%	2,290.3	1,848.5	442.9	1,405.6
Total	100%	22,903.5	12,189.1	3,435.6	8,753.5

Note:

(1) The above figures expressed in HK\$ are based on an exchange rate of RMB1.00 to HK\$1.0846.

Other Information

Use of proceeds from the issuance of Class Z Ordinary Shares under general mandate

On January 9, 2023 (U.S. Eastern Time), the Company and Goldman Sachs (Asia) L.L.C. (the “Underwriter”) entered into an equity underwriting and notes exchange agreement, pursuant to which the Company agreed to issue 15,344,000 ADSs partially in exchange for an aggregate principal amount of US\$384.8 million of its outstanding December 2026 Notes to be purchased by the Underwriter and its applicable affiliate(s) from certain holders of the December 2026 Notes through private negotiations (the “Exchange Notes”). Concurrently with the ADS Offering, the Underwriter and its applicable affiliate(s), as duly engaged and authorized by the Company, entered into separate agreements with certain holders of the December 2026 Notes to purchase the Exchange Notes from such holders for a purchase price of approximately US\$331.2 million. The closing price per ADS on the Nasdaq on January 6, 2023, being the previous trading day prior to the date of the equity underwriting and notes exchange agreement, was US\$28.65 and the closing price per Class Z Ordinary Share on the Stock Exchange on January 9, 2023 was HK\$224.00.

An aggregate of 15,344,000 ADSs (representing 15,344,000 Class Z Ordinary Shares with an aggregate nominal value of approximately US\$1,534.4) were successfully placed by the Underwriter to not fewer than six placees at the offer price of US\$26.65 per ADS. Such placees professional, institutional or other investors whom the Underwriter has selected and procured to subscribe for any of the ADSs pursuant to the equity underwriting and notes exchange agreement. The net price per Class Z Ordinary Share underlying the ADSs subject to the ADS Offering was approximately US\$25.87 and such Class Z Ordinary Shares were issued under the general mandate granted to the Directors pursuant to resolutions of the Shareholders passed on June 30, 2022 to allot, issue or deal with unissued Class Z Ordinary Shares and/or ADSs not exceeding 20% of the total number of issued Shares of the Company as of the date of passing of such ordinary resolution.

The amount of net proceeds from the ADS Offering (after deducting the selling commission) is approximately US\$399.9 million and the amount of net proceeds from the ADS Offering (after deducting all applicable costs and expenses including but not limited to selling commission) is approximately US\$396.9 million.

The net proceeds of the ADS Offering (after deducting the selling commission) would be used, as a part of the Company’s comprehensive liability management exercise (i) by the Underwriter to fund the purchase price of the Exchange Notes of approximately US\$331.2 million payable by the Underwriter to the holders of such Exchange Notes, and (ii) in respect of the remaining proceeds in the amount of US\$68.8 million to be paid by the Underwriter to the Company, by the Company, to replenish its cash reserve after its repurchases of certain convertible senior notes in the fourth quarter of 2022 and for its other working capital purpose. As at June 30, 2023, none of the net proceeds from the ADS Offering had been utilized. The Company intends to utilize the remaining proceeds as disclosed above in two years.

Further details of the ADS Offering and purchase of the Exchange Notes are set out in the announcements of the Company dated January 9, 2023 and January 12, 2023.

Other Information

Disclosure of Changes in Directors' Information pursuant to Listing Rule 13.51B(1)

There is no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

As disclosed in this interim report, the Company repurchased December 2026 Notes and 2027 Notes during the Reporting Period. Further details of the repurchase of December 2026 Notes are set out in the announcements of the Company dated January 9, 2023 and January 12, 2023. And further details of the repurchase of 2027 Notes are set out in the overseas regulatory announcements dated May 9, 2023 and June 14, 2023, as well as the next day disclosure return dated June 16, 2023 and the monthly return dated July 7, 2023 of the Company.

In addition, the Company announced in March 2022 that its Board of Directors had authorized a share repurchase program, under which the Company may repurchase up to US\$500 million of its ADSs for the next 24 months. The Company had repurchased a total of 2.6 million ADSs for a total cost of US\$53.6 million as of June 30, 2023. The aforementioned repurchases of ADSs took place between March and May 2022 prior to the Reporting Period.

Save as disclosed in this interim report, neither the Company nor any of its subsidiaries and consolidated affiliated entities had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Dividend

The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2023.

Continuing Disclosure Obligations pursuant to the Listing Rules

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Report on Review of Interim Financial Information

To the Board of Directors of Bilibili Inc.
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 76, which comprises the interim condensed consolidated balance sheet of Bilibili Inc. (the “Company”) and its subsidiaries, variable interest entities (“VIEs”) and subsidiaries of the VIEs (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of operations and comprehensive loss, the interim condensed consolidated statement of changes in shareholders’ equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and accounting principles generally accepted in the United States of America (“U.S. GAAP”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with U.S. GAAP. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with U.S. GAAP.

Report on Review of Interim Financial Information

OTHER MATTER

The comparative information for the interim condensed consolidated balance sheet is based on the audited financial statements as at 31 December 2022. The comparative information for the interim condensed consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows, and related explanatory notes, for the period ended 30 June 2022 has not been audited or reviewed.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17 August 2023

Unaudited Interim Condensed Consolidated Balance Sheet

(All amounts in thousands, except for share data)

		December 31, 2022 RMB	June 30, 2023 RMB	June 30, 2023 US\$ Note 2(d)
	Notes			
Assets				
Current assets:				
Cash and cash equivalents		10,172,584	5,686,852	784,253
Time deposits		4,767,972	5,712,014	787,723
Restricted cash		14,803	167,810	23,142
Accounts receivable, net	4	1,328,584	1,367,815	188,630
Amount due from related parties	19	1,594,920	1,207,285	166,492
Prepayments and other current assets	5	1,950,573	1,669,096	230,179
Short-term investments	6	4,623,452	2,899,822	399,904
Total current assets		24,452,888	18,710,694	2,580,323
Non-current assets:				
Property and equipment, net	7	1,227,163	929,803	128,226
Production cost, net		1,929,622	2,014,100	277,757
Intangible assets, net	8	4,326,790	3,952,713	545,104
Deferred tax assets		43,591	43,591	6,011
Goodwill		2,725,130	2,725,130	375,813
Long-term investments, net	9	5,651,018	5,223,492	720,352
Other long-term assets		1,474,368	1,295,834	178,704
Total non-current assets		17,377,682	16,184,663	2,231,967
Total assets		41,830,570	34,895,357	4,812,290

Unaudited Interim Condensed Consolidated Balance Sheet

(All amounts in thousands, except for share data)

		December 31, 2022 RMB	June 30, 2023 RMB	June 30, 2023 US\$ Note 2(d)
	Notes			
Liabilities				
Current liabilities:				
Accounts payable	11	4,291,656	4,171,625	575,293
Salary and welfare payable		1,401,526	994,074	137,089
Taxes payable	12	316,244	300,330	41,417
Short-term loan and current portion of long-term debt	13	6,621,386	4,611,656	635,976
Deferred revenue		2,819,323	2,690,964	371,101
Accrued liabilities and other payables	14	1,534,962	1,609,350	221,940
Amount due to related parties	19	108,307	101,458	13,992
Total current liabilities		17,093,404	14,479,457	1,996,808
Non-current liabilities:				
Long-term debt	15	8,683,150	3,197,625	440,973
Other long-term liabilities		814,429	685,593	94,549
Total non-current liabilities		9,497,579	3,883,218	535,522
Total liabilities		26,590,983	18,362,675	2,532,330

Unaudited Interim Condensed Consolidated Balance Sheet

(All amounts in thousands, except for share data)

	December 31, 2022 RMB	June 30, 2023 RMB	June 30, 2023 US\$
Notes			Note 2(d)
Shareholders' equity			
Ordinary shares:			
Class Y Ordinary Shares (US\$0.0001 par value; 100,000,000 shares authorized, 83,715,114 shares issued and outstanding as of December 31, 2022; US\$0.0001 par value; 100,000,000 shares authorized, 83,715,114 shares issued and outstanding as of June 30, 2023)	52	52	7
Class Z Ordinary Shares (US\$0.0001 par value; 9,800,000,000 shares authorized, 316,202,303 shares issued, 310,864,471 shares outstanding as of December 31, 2022; US\$0.0001 par value; 9,800,000,000 shares authorized, 331,546,303 shares issued, 327,376,931 shares outstanding as of June 30, 2023)	201	213	29
Additional paid-in capital	36,623,161	39,874,079	5,498,887
Statutory reserves	36,173	36,173	4,988
Accumulated other comprehensive income	58,110	278,052	38,345
Accumulated deficit	(21,479,869)	(23,654,262)	(3,262,072)
Total Bilibili Inc.'s shareholders' equity	15,237,828	16,534,307	2,280,184
Noncontrolling interests	1,759	(1,625)	(224)
Total shareholders' equity	15,239,587	16,532,682	2,279,960
Total liabilities and shareholders' equity	41,830,570	34,895,357	4,812,290

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statement of Operations and Comprehensive Loss

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

	Notes	For the Six Months Ended June 30,		
		2022 RMB	2023 RMB	2023 US\$ Note 2(d)
Net revenues				
Mobile games		2,404,054	2,022,503	278,916
Value-added services		4,155,650	4,457,965	614,781
Advertising		2,199,022	2,844,644	392,294
IP derivatives and others (formerly known as E-commerce and others)		1,204,304	1,048,698	144,622
Total net revenues	16	9,963,030	10,373,810	1,430,613
Cost of revenues		(8,417,504)	(8,042,344)	(1,109,090)
Gross profit		1,545,526	2,331,466	321,523
Operating expenses:				
Sales and marketing expenses		(2,425,888)	(1,798,383)	(248,008)
General and administrative expenses		(1,160,961)	(1,111,394)	(153,268)
Research and development expenses		(2,140,551)	(2,074,033)	(286,022)
Total operating expenses		(5,727,400)	(4,983,810)	(687,298)
Loss from operations		(4,181,874)	(2,652,344)	(365,775)
Other (expense)/income:				
Investment (loss)/income, net (including impairments)		(544,273)	8,321	1,148
Interest income		90,268	298,300	41,137
Interest expense		(123,612)	(105,682)	(14,574)
Exchange losses		(21,526)	(16,552)	(2,283)
Debt extinguishment gain		475,790	282,442	38,951
Others, net		67,251	63,328	8,733
Total other (expense)/income, net		(56,102)	530,157	73,112
Loss before tax		(4,237,976)	(2,122,187)	(292,663)
Income tax	10	(56,601)	(55,590)	(7,666)

Unaudited Interim Condensed Consolidated Statement of Operations and Comprehensive Loss

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

	Notes	For the Six Months Ended June 30,		
		2022 RMB	2023 RMB	2023 US\$ Note 2(d)
Net loss		(4,294,577)	(2,177,777)	(300,329)
Net loss attributable to:				
Bilibili Inc.'s shareholders		(4,288,909)	(2,174,393)	(299,862)
Noncontrolling interests		(5,668)	(3,384)	(467)
Net loss		(4,294,577)	(2,177,777)	(300,329)
Other comprehensive income:				
Foreign currency translation adjustments		334,244	219,942	30,331
Total other comprehensive income		334,244	219,942	30,331
Total comprehensive loss		(3,960,333)	(1,957,835)	(269,998)
Total comprehensive loss is attributable to:				
Bilibili Inc.'s shareholders		(3,954,665)	(1,954,451)	(269,531)
Noncontrolling interests		(5,668)	(3,384)	(467)
Total comprehensive loss		(3,960,333)	(1,957,835)	(269,998)
Net loss per share, basic	18	(10.88)	(5.28)	(0.73)
Net loss per share, diluted		(10.88)	(5.28)	(0.73)
Net loss per ADS, basic		(10.88)	(5.28)	(0.73)
Net loss per ADS, diluted		(10.88)	(5.28)	(0.73)
Weighted average number of ordinary shares, basic	18	394,142,409	412,013,005	412,013,005
Weighted average number of ordinary shares, diluted		394,142,409	412,013,005	412,013,005
Weighted average number of ADS, basic		394,142,409	412,013,005	412,013,005
Weighted average number of ADS, diluted		394,142,409	412,013,005	412,013,005
Share-based compensation expenses included in:				
Cost of revenues		38,112	29,902	4,124
Sales and marketing expenses		25,931	29,166	4,022
General and administrative expenses		282,875	291,213	40,160
Research and development expenses		187,642	211,267	29,135

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

(All amounts in thousands, except for share data)

	Ordinary shares				Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other comprehensive (loss)/income RMB	Accumulated deficit RMB	Noncontrolling interests RMB	Total shareholders' equity RMB
	Class Y Ordinary Shares		Class Z Ordinary Shares							
	Shares	Amount RMB	Shares	Amount RMB						
Balance at December 31, 2021	83,715,114	52	306,889,473	199	35,929,961	24,621	(279,862)	(13,971,304)	12,399	21,716,066
Net loss	–	–	–	–	–	–	–	(4,288,909)	(5,668)	(4,294,577)
Share-based compensation	–	–	–	–	534,560	–	–	–	–	534,560
Share issuance from exercise of share options	–	–	2,443,450	2	–	–	–	–	–	2
Repurchase of shares	–	–	(2,640,832)	(2)	(347,579)	–	–	–	–	(347,581)
Purchase of noncontrolling interests	–	–	45,000	–	–	–	–	–	–	–
Foreign currency translation adjustment	–	–	–	–	–	–	334,244	–	–	334,244
Balance at June 30, 2022	83,715,114	52	306,737,091	199	36,116,942	24,621	54,382	(18,260,213)	6,731	17,942,714

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

(All amounts in thousands, except for share data)

	Ordinary shares				Additional paid-in capital RMB	Statutory reserves RMB	Accumulated other			Total shareholders' equity RMB
	Class Y Ordinary Shares		Class Z Ordinary Shares				comprehensive (loss)/income RMB	Accumulated deficit RMB	Noncontrolling interests RMB	
	Shares	Amount RMB	Shares	Amount RMB						
Balance at December 31, 2022	83,715,114	52	308,223,639	201	36,623,161	36,173	58,110	(21,479,869)	1,759	15,239,587
Net loss	-	-	-	-	-	-	-	(2,174,393)	(3,384)	(2,177,777)
Share-based compensation	-	-	-	-	561,548	-	-	-	-	561,548
Share issuance from exercise of share options	-	-	1,168,460	2	-	-	-	-	-	2
Issuance of Class Z ordinary shares upon new ADS offering ("ADS offering")	-	-	15,344,000	10	2,689,370	-	-	-	-	2,689,380
Foreign currency translation adjustment	-	-	-	-	-	-	219,942	-	-	219,942
Balance at June 30, 2023	83,715,114	52	324,736,099	213	39,874,079	36,173	278,052	(23,654,262)	(1,625)	16,532,682

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

(All amounts in thousands)

	For the Six Months Ended June 30,		
	2022 RMB	2023 RMB	2023 US\$ Note 2(d)
Cash flows from operating activities:			
Net loss	(4,294,577)	(2,177,777)	(300,329)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property and equipment	358,358	402,827	55,552
Amortization of intangible assets	1,248,729	993,357	136,990
Amortization of right-of-use assets	123,022	89,023	12,277
Amortization of debt issuance costs	24,048	12,361	1,705
Share-based compensation expenses	534,560	561,548	77,441
Allowance for doubtful accounts	80,483	—	—
Inventory provision	85,348	30,328	4,182
Deferred income taxes	(18,009)	(11,250)	(1,551)
Unrealized exchange losses	288	1,484	205
Unrealized fair value changes of investments	349,314	(154,724)	(21,337)
Loss on disposal of property and equipment	255	646	89
Gain on disposal of long-term investments and subsidiaries	(19,161)	—	—
Termination expenses of certain game projects	109,054	—	—
Loss from equity method investments	74,289	80,391	11,086
Revaluation of previously held equity interests	(152,153)	75,000	10,343
Impairments of long-term investments	99,280	69,949	9,646
Gain of convertible senior notes repurchase	(475,790)	(282,442)	(38,951)
Changes in operating assets and liabilities:			
Accounts receivable	(104,104)	(55,833)	(7,700)
Amount due from related parties	(63,015)	27,693	3,819
Prepayments and other assets	(195,501)	168,806	23,279
Other long-term assets	(218,243)	162,872	22,461
Accounts payable	553,373	(113,788)	(15,692)
Salary and welfare payable	(137,284)	(407,452)	(56,190)
Taxes payable	52,869	(15,914)	(2,195)
Deferred revenue	131,731	(128,359)	(17,702)
Accrued liabilities and other payables	(358,746)	143,128	19,738
Amount due to related parties	3,054	(5,446)	(751)
Other long-term liabilities	104,012	(117,586)	(16,216)
Net cash used in operating activities	(2,104,516)	(651,158)	(89,801)

Unaudited Interim Condensed Consolidated Statement of Cash Flows

(All amounts in thousands)

	For the Six Months Ended June 30,		
	2022 RMB	2023 RMB	2023 US\$ Note 2(d)
Cash flows from investing activities:			
Purchase of property and equipment	(220,450)	(51,521)	(7,105)
Purchase of intangible assets	(852,199)	(698,543)	(96,333)
Purchase of short-term investments	(52,192,830)	(6,682,864)	(921,609)
Maturities of short-term investments	58,166,512	8,893,434	1,226,461
Cash consideration paid for purchase of subsidiaries, net of cash acquired	(1,093,353)	(70,000)	(9,653)
Cash paid for long-term investments including loans	(1,276,691)	(45,994)	(6,343)
Repayment of loans from investees	547,744	275,078	37,935
Cash received from disposal/return of investments	124,954	82,856	11,426
Placements of time deposits	(6,934,107)	(5,503,040)	(758,904)
Maturities of time deposits	3,082,530	4,810,737	663,431
Net cash (used in)/provided by investing activities	(647,890)	1,010,143	139,306
Cash flows from financing activities:			
Proceeds of short-term loans	711,371	548,521	75,645
Repayment of short-term loans	(494,428)	(493,624)	(68,074)
Purchase of noncontrolling interests	(56,741)	—	—
Proceeds from exercise of employees' share options	2	2	*
Proceeds from issuance of ordinary shares net of issuance costs	—	2,689,380	370,882
Repurchase of convertible senior notes	(1,268,630)	(7,581,959)	(1,045,600)
Repurchase of shares	(347,581)	—	—
Net cash used in financing activities	(1,456,007)	(4,837,680)	(667,147)
Effect of exchange rate changes on cash and cash equivalents and restricted cash held in foreign currencies	176,776	145,970	20,132
Net decrease in cash and cash equivalents and restricted cash	(4,031,637)	(4,332,725)	(597,510)
Cash and cash equivalents and restricted cash at beginning of the period	7,523,108	10,187,387	1,404,905
Cash and cash equivalents and restricted cash at end of the period	3,491,471	5,854,662	807,395

Unaudited Interim Condensed Consolidated Statement of Cash Flows

(All amounts in thousands)

	For the Six Months Ended June 30,		
	2022 RMB	2023 RMB	2023 US\$ Note 2(d)
Supplemental disclosures of cash flows information:			
Cash paid for income taxes, net of tax refund	58,470	84,210	11,613
Cash paid for interest expense	109,912	95,924	13,229
Supplemental schedule of non-cash investing and financing activities:			
Property and equipment purchases financed by accounts payable	465,836	87,364	12,048
Acquisitions and investments financed by payables	124,865	10,000	1,379
Intangible assets purchases financed by payables	715,244	461,623	63,661

* Less than 1

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Notes to Unaudited Interim Condensed Consolidated Financial Information

1. OPERATIONS

Bilibili Inc. (the “Company” or “Bilibili”) is an iconic brand and a leading video community for young generations in China. Incorporated as a limited liability company in the Cayman Islands in December 2013, the Company, through its consolidated subsidiaries, variable interest entities (“VIEs”) and subsidiaries of the VIEs (collectively referred to as the “Group”), is primarily engaged in the operation of providing online entertainment services to users in the People’s Republic of China (the “PRC” or “China”).

In April 2018, the Company completed its IPO on the Nasdaq. In March 2021, the Company successfully listed its Class Z ordinary shares on the main board of the Stock Exchange. The Company issued a total 28,750,000 Class Z ordinary shares in the global offering, including the fully exercised over-allotment option of 3,750,000 Class Z ordinary shares. Net proceeds from the global offering, including the over-allotment option, after deducting underwriting fees and other offering expenses, were approximately HKD22.9 billion (RMB19.3 billion).

On October 3, 2022, the Company’s voluntary conversion of its secondary listing status to primary listing on the main board of the Stock Exchange became effective. The Company became a dual-primary listed company on the main board of the Stock Exchange in Hong Kong and the Nasdaq in the United States.

In January 2023, the Company completed the offering of 15,344,000 ADSs at US\$26.65 per ADS. The amount of net proceeds from such offering (after deducting all applicable costs and expenses including but not limited to selling commission) is approximately US\$396.9 million (RMB2,689.4 million). Shortly thereafter, the Company completed repurchase of an aggregate principal amount of US\$384.8 million of its outstanding 0.50% convertible senior notes due December 2026 with an aggregate purchase price of US\$331.2 million (RMB2,243.8 million), which was funded by the net proceeds from the ADS Offering.

Notes to Unaudited Interim Condensed Consolidated Financial Information

1. OPERATIONS (Continued)

As of June 30, 2023, the Company's major subsidiaries, VIEs and subsidiaries of the VIEs are as follows:

Major Subsidiaries	Place and Year of Incorporation	Issued Share Capital	Percentage of Direct or Indirect Economic Ownership	Principal Activities
Bilibili HK Limited	Hong Kong, 2014	USD1	100	Investment holding
Hode HK Limited	Hong Kong, 2014	USD1	100	Investment holding
Chaodian HK Limited	Hong Kong, 2019	USD1	100	Investment holding
Bilibili Co., Ltd.	Japan, 2014	JPY80 million	100	Business development
Hode Shanghai Limited ("Hode Shanghai")	PRC, 2014	USD1.2 billion	100	Technology development ¹
Shanghai Bilibili Technology Co., Ltd.	PRC, 2016	USD2.5 billion	100	Technology development ¹
Chaodian (Shanghai) Technology Co., Ltd.	PRC, 2019	USD50 million	100	E-commerce and advertising ¹

Notes to Unaudited Interim Condensed Consolidated Financial Information

1. OPERATIONS (Continued)

Major VIEs and VIEs' subsidiaries	Place and Year of Incorporation Acquisition	Issued Share Capital	Percentage of Direct or Indirect Economic Interest	Principal Activities
Shanghai Hode Information Technology Co., Ltd. ("Hode Information Technology")	PRC, 2013	RMB11 million	100*	Mobile game operation ²
Shanghai Kuanyu Digital Technology Co., Ltd. ("Shanghai Kuanyu")	PRC, 2014	RMB500 million	100*	Video distribution and game distribution ²
Sharejoy Network Technology Co., Ltd. ("Sharejoy Network")	PRC, 2014	RMB10 million	100*	Game distribution ²
Shanghai Hehehe Culture Communication Co., Ltd. ("Shanghai Hehehe")	PRC, 2014	RMB120 million	100*	Comics distribution ²
Shanghai Anime Tamashi Cultural Media Co., Ltd. ("Shanghai Anime Tamashi")	PRC, 2015	RMB1 million	100*	E-commerce platform ²

* Hode Shanghai is the primary beneficiary of the major VIEs and VIEs' subsidiaries.

1 These companies were established in the PRC in the form of wholly foreign-owned enterprises.

2 These companies were established in the PRC in the form of investment solely by legal corporations or controlled by natural person(s).

Notes to Unaudited Interim Condensed Consolidated Financial Information

1. OPERATIONS (Continued)

The following combined financial information of the Group's VIEs and VIEs' subsidiaries as of December 31, 2022 and June 30, 2023 and for the six months ended June 30, 2022 and 2023 included in the accompanying unaudited interim condensed consolidated financial statements of the Group was as follows:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Cash and cash equivalents	1,590,440	1,672,130
Time deposits	4,186	4,355
Accounts receivable, net	619,927	589,293
Amounts due from Group companies	507,849	480,920
Amount due from related parties	119,857	8,823
Prepayments and other current assets	883,903	722,782
Short-term investments	272,340	313,867
Long-term investments, net	1,852,740	1,758,207
Other non-current assets	5,852,315	5,586,980
Total assets	11,703,557	11,137,357
Accounts payable	3,452,192	3,257,024
Salary and welfare payables	343,786	250,582
Taxes payable	165,162	144,158
Short-term loans	400,000	400,000
Deferred revenue	2,138,539	1,984,485
Accrued liabilities and other payables	531,188	554,947
Amounts due to the Group companies	12,415,760	12,864,563
Amounts due to related parties	27,929	18,826
Other long-term payable	269,623	285,522
Total liabilities	19,744,179	19,760,107
Total Bilibili Inc's shareholders' deficit	(8,042,238)	(8,621,082)
Noncontrolling interests	1,616	(1,668)
Total shareholders' deficit	(8,040,622)	(8,622,750)
Total liabilities and shareholders' deficit	11,703,557	11,137,357

Notes to Unaudited Interim Condensed Consolidated Financial Information

1. OPERATIONS (Continued)

	For the Six Months Ended June 30,	
	2022	2023
	RMB in thousands	
Third-party revenues	6,933,942	6,717,237
Inter-company revenues	368,381	477,102
Total revenues	7,302,323	7,194,339
Net loss	(1,914,824)	(573,451)

	For the Six Months Ended June 30,	
	2022	2023
	RMB in thousands	
Net cash (used in)/provided by operating activities	(119,504)	208,961
Net cash used in investing activities	(1,432,746)	(119,992)
Net cash provided by financing activities	1,724,155	9,498

Notes to Unaudited Interim Condensed Consolidated Financial Information

1. OPERATIONS (Continued)

Liquidity

The Group incurred net losses of RMB4,294.6 million and RMB2,177.8 million for the six months ended June 30, 2022 and 2023, respectively. Net cash used in operating activities was RMB2,104.5 million and RMB651.2 million for the six months ended June 30, 2022 and 2023, respectively. Accumulated deficit was RMB21,479.9 million and RMB23,654.3 million as of December 31, 2022 and June 30, 2023, respectively. The Group assesses its liquidity by its ability to generate cash from operating activities and attract investors' investments. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of financing from investors to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from outside sources of financing. In the past, the Group has been continuously receiving financing support from outside investors. In January 2023, the Company completed an offering of 15,344,000 American depositary shares (the "ADS Offering"). The amount of net proceeds from the Offering (after deducting all applicable costs and expenses including but not limited to selling commission) is approximately US\$396.9 million (RMB2,689.4 million). Shortly thereafter, the Company completed repurchase of an aggregate principal amount of US\$384.8 million of its outstanding 0.50% convertible senior notes due December 2026 with the aggregate purchase price of US\$331.2 million (RMB2,243.8 million), which was funded by the net proceeds from the ADS Offering. And the remaining net proceeds, after deducting selling commissions of the ADS Offering is US\$68.8 million. Moreover, the Group can adjust the pace of its operation expansion and control the operating expenses. Based on the above considerations, the Group believes the cash and cash equivalents and the operating cash flows are sufficient to meet the cash requirements to fund planned operations and other commitments for at least the next twelve months from the date of the issuance of the unaudited interim condensed consolidated financial statements. The Group's unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

Notes to Unaudited Interim Condensed Consolidated Financial Information

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) applicable to interim financial information and the disclosure requirements of the Rules Governing the Listing of Securities on The HKEx, as amended, supplemented or otherwise modified from time to time (the “HK Listing Rules”).

The December 31, 2022 balance sheet data was derived from audited consolidated financial statements; however, the accompanying interim notes to the unaudited interim condensed consolidated financial information do not include all of the annual disclosures required by U.S. GAAP. Results for interim periods are not necessarily indicative of those that may be expected for a full year. The financial information included herein should be read in conjunction with the Company’s audited consolidated financial statements for the preceding fiscal year. The accounting policies applied are consistent with those of the audited consolidated financial statements for the preceding fiscal year.

b) Principles of consolidation

The unaudited interim condensed consolidated financial statements include the financial statements of the Company, its subsidiaries and VIEs (inclusive of the VIEs’ subsidiaries) for which the Company is the primary beneficiary.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power, has the power to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of the board of directors, or has the power to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A consolidated VIE is an entity in which the Company’s subsidiary, through contractual arrangements, has the power to direct the activities that most significantly impact the entity’s economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the entity, and therefore the Company’s subsidiary is the primary beneficiary of the entity.

All transactions and balances among the Company, its subsidiaries and VIEs (inclusive of the VIEs’ subsidiaries) have been eliminated upon consolidation. There is no VIE in the Group where the Company or any subsidiary has a variable interest but is not the primary beneficiary.

Notes to Unaudited Interim Condensed Consolidated Financial Information

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Use of estimates

The preparation of the Group's unaudited interim condensed consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the balance sheet date and reported revenues and expenses during the reported periods in the unaudited interim condensed consolidated financial statements and accompanying notes. Significant accounting estimates include, but are not limited to, determination of the average playing period for paying players, and assessment for the impairment of long-term investments accounted for using the measurement alternative.

d) Functional currency and foreign currency translation

The Group uses Renminbi ("RMB") as its reporting currency. The Company and several of its overseas subsidiaries use US\$ or their respective local currencies as their functional currency. The functional currency of the Group's PRC entities is RMB. In the unaudited interim condensed consolidated financial statements, the financial information of the Company and other entities located outside of the PRC have been translated into RMB. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains and losses are translated using the average rate for the period. Translation adjustments are reported as foreign currency translation adjustments, and are shown as a component of other comprehensive income on the unaudited interim condensed consolidated statement of operations and comprehensive loss. Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the applicable exchange rates at the balance sheet dates. Net gains and losses resulting from foreign exchange transactions are included in exchange losses on the unaudited interim condensed consolidated statement of operations and comprehensive loss.

e) Convenience Translation

Translations of balances on the unaudited interim condensed consolidated balance sheet, unaudited interim condensed consolidated statement of operations and comprehensive loss and unaudited interim condensed consolidated statement of cash flows from RMB into US\$ as of and for the six months ended June 30, 2023 are solely for the convenience of the reader and were calculated at the rate of US\$1.00 = RMB7.2513, representing the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2023. No representation is made that the RMB amounts represent or could have been, or could be, converted, realized or settled into US\$ at that rate on June 30, 2023, or at any other rate.

Notes to Unaudited Interim Condensed Consolidated Financial Information

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Contract Balances

Due to the generally short-term duration of the relevant contracts, the majority of the performance obligations are satisfied within one year. The amount of revenue recognized that was included in the receipts in advance balance at the beginning of the period was RMB2,284.0 million and RMB2,397.8 million for the six months ended June 30, 2022 and 2023, respectively. The Group did not have any arrangement where the performance obligations had already been satisfied in the past period but recognized the corresponding revenue in the current period for the six months ended June 30, 2022 and 2023.

g) Receivables, net

The following table sets out movements of the allowance against accounts receivable, amount due from related parties and other receivables recorded in prepayments and other current assets within the scope of ASC Topic 326 as of December 31, 2022 and June 30, 2023:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Beginning balance	292,473	305,535
Provisions	130,549	—
Write-offs	(117,487)	(19,727)
Ending balance	305,535	285,808

Notes to Unaudited Interim Condensed Consolidated Financial Information

3. CONCENTRATIONS AND RISKS

a) Telecommunications service provider

The Group relied on telecommunications service providers and their affiliates for servers and bandwidth services to support its operations for the six months ended June 30, 2022 and 2023 was as follows:

	For the Six Months Ended June 30,	
	2022	2023
Total number of telecommunications service providers	119	104
Number of service providers providing 10% or more of the Group's servers and bandwidth expenditure	3	2
Total percentage of the Group's servers and bandwidth expenditure provided by 10% or greater service providers	49%	24%

b) Foreign currency exchange rate risk

The functional currency and the reporting currency of the Company are U.S. dollars and RMB, respectively. The Group's exposure to foreign currency exchange rate risk primarily relates to cash and cash equivalents, time deposits, short-term and long-term investments, and convertible senior notes and accounts payable denominated in the U.S. dollars. Most of the Group's revenues, costs and expenses are denominated in RMB, while the convertible senior notes and a portion of cash and cash equivalents, time deposits, short-term and long-term investments, and accounts payable are denominated in U.S. dollars. Any significant fluctuation of RMB against U.S. dollars may materially and adversely affect the Company's cash flows, revenues, earnings and financial positions.

Notes to Unaudited Interim Condensed Consolidated Financial Information

3. CONCENTRATIONS AND RISKS (Continued)

c) Credit risk

The Group's financial instruments potentially subject to significant concentrations of credit risk primarily consist of cash and cash equivalents, restricted cash, time deposits, accounts receivable, and money market funds (recorded in the short-term investments) and financial products (recorded in the short-term and long-term investments) with variable interest rates referenced to performance of underlying assets issued by commercial banks and other financial institutions. As of December 31, 2022 and June 30, 2023, substantially all of the Group's cash and cash equivalents, restricted cash and time deposits were held in major financial institutions located in the United States of America and China, which management consider being of high credit quality. Accounts receivable is typically unsecured and is primarily derived from revenue earned from mobile game services (mainly relates to remittances due from payment channels and distribution channels) and advertising services. There was no individual payment channel that had receivable balance exceeding 10% of the Group's accounts receivable balance as of December 31, 2022 and June 30, 2023. There was no distribution channel that had receivable balance exceeding 10% of the Group's accounts receivable balance as of December 31, 2022. One distribution channel had receivable balance exceeding 10% of the Group's accounts receivable balance as of June 30, 2023.

RMB in thousands	December 31, 2022	June 30, 2023
Distribution channel A	N/A	210,496

d) Major customers and supplying channels

No single customer represented 10% or more of the Group's net revenues for the six months ended June 30, 2022 and 2023, respectively.

The Group relied on a distribution channel to publish and generate the iOS version of its mobile games. There is no single distribution channel of mobile games generated 10% or more of the Group's net revenues for the six months ended June 30, 2022 and 2023, respectively.

Notes to Unaudited Interim Condensed Consolidated Financial Information

3. CONCENTRATIONS AND RISKS (Continued)

e) Mobile games

Mobile game revenues accounted for 24% and 19% of the Group's total net revenues for the six months ended June 30, 2022 and 2023, respectively.

No mobile game individually contributed more than 10% of the Group's total net revenues for the six months ended June 30, 2022 and 2023, respectively.

4. ACCOUNTS RECEIVABLE, NET

An aging analysis of the accounts receivable as of December 31, 2022 and June 30, 2023, based on the recognition date before provisions, is as follows:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Within 3 months	897,411	990,486
Between 3 months and 6 months	248,274	268,720
Between 6 months and 1 year	223,878	180,121
More than 1 year	180,895	141,636
Less: Provisions	(221,874)	(213,148)
Total	1,328,584	1,367,815

Notes to Unaudited Interim Condensed Consolidated Financial Information

5. PREPAYMENTS AND OTHER CURRENT ASSETS

The following is a summary of prepayments and other current assets:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Prepayments for revenue sharing cost*	559,178	511,608
Prepayments for sales tax	435,373	462,455
Inventories, net	437,451	243,578
Prepayments of marketing and other operational expenses	125,685	107,273
Interest income receivable	79,641	102,789
Loans to investees or ongoing investments	25,458	28,254
Prepayments for content cost	62,564	42,569
Prepayments to inventory suppliers	76,598	34,643
Deposits	31,461	30,997
Prepayments/receivables relating to jointly invested content	22,901	26,339
Others	94,263	78,591
Total	1,950,573	1,669,096

- * App stores retain commissions on each purchase made by the users through the App stores. The Group is also obligated to pay ongoing licensing fees in form of royalties to the third-party game developers. Licensing fees consist of fees that the Group pays to content owners for the use of licensed content, including trademarks and copyrights, in the development of games. Licensing fees are either paid in advance and recorded on the balance sheets as prepayments or accrued as incurred and subsequently paid. Additionally, the Group defers the revenue from licensed mobile games over the estimated average playing period of paying players given that there is an implied obligation to provide on-going services to end-users.

Notes to Unaudited Interim Condensed Consolidated Financial Information

6. SHORT-TERM INVESTMENTS

The following is a summary of short-term investments:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Financial products	3,580,792	2,166,985
Investments in publicly traded companies	1,042,660	732,837
Total	4,623,452	2,899,822

The Group recorded investment loss of RMB368.7 million and investment income of RMB57.4 million related to short-term investments on the unaudited interim condensed consolidated statement of operations and comprehensive loss for the six months ended June 30, 2022 and 2023, respectively.

7. PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment, net:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Leasehold improvements	282,007	233,691
Servers and computers	2,830,434	2,927,668
Others	64,595	64,935
Total	3,177,036	3,226,294
Less: accumulated depreciation	(1,949,873)	(2,296,491)
Net book value	1,227,163	929,803

Depreciation expenses were RMB358.4 million and RMB402.8 million for the six months ended June 30, 2022 and 2023, respectively. No impairment charge was recognized for any of periods presented.

Notes to Unaudited Interim Condensed Consolidated Financial Information

8. INTANGIBLE ASSETS, NET

The following is a summary of intangible assets, net:

	As of December 31, 2022		
	Gross carrying value	Accumulated amortization	Net carrying value
	RMB in thousands		
Licensed copyrights of content	7,131,626	(4,622,992)	2,508,634
License rights of mobile games	427,726	(300,659)	127,067
Intellectual property and others	2,337,508	(646,419)	1,691,089
Total	9,896,860	(5,570,070)	4,326,790

	As of June 30, 2023		
	Gross carrying value	Accumulated amortization	Net carrying value
	RMB in thousands		
Licensed copyrights of content	7,420,902	(5,119,282)	2,301,620
License rights of mobile games	331,244	(260,968)	70,276
Intellectual property and others	2,393,006	(812,189)	1,580,817
Total	10,145,152	(6,192,439)	3,952,713

Amortization expenses were RMB1,248.7 million and RMB993.4 million for the six months ended June 30, 2022 and 2023, respectively. No impairment charge was recognized for any of periods presented.

Notes to Unaudited Interim Condensed Consolidated Financial Information

9. LONG-TERM INVESTMENTS, NET

The Group's long-term investments primarily consist of equity investments accounted for using the measurement alternative, equity investments accounted for using the equity method and other investments accounted for at fair value.

	December 31, 2022	June 30, 2023
	RMB in thousands	
Equity investments accounted for using the measurement alternative	2,844,630	2,750,862
Equity investments accounted for using the equity method	1,923,144	1,897,440
Investments accounted for at fair value	883,244	575,190
Total	5,651,018	5,223,492

Equity investments accounted for using the measurement alternative

The Group elects to use measurement alternative for recording equity investments without readily determinable fair values at cost, less impairment, adjusted for subsequent observable price changes, in accordance with ASU 2016-01. Under this measurement alternative, changes in the carrying value of the equity investments will be recognized in current earnings, whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. For those equity investments that the Group elects to use the measurement alternative, the Group makes a qualitative assessment of whether the investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Group has to estimate the investment's fair value in accordance with the principles of ASC 820. If the fair value is less than the investment's carrying value, the Group recognizes an impairment loss in "Investment (loss)/income, net (including impairments)" equal to the difference between the carrying value and fair value.

A gain of RMB152.2 million and a loss of RMB75.0 million re-measurement of equity investments accounted for using the measurement alternative was recognized for the six months ended June 30, 2022 and 2023, respectively.

Notes to Unaudited Interim Condensed Consolidated Financial Information

9. LONG-TERM INVESTMENTS, NET (Continued)

Equity investments using the measurement alternative (Continued)

The Group recorded impairment charges for long-term investments of RMB99.3 million and RMB69.9 million as “Investment (loss)/income, net (including impairments)” for the six months ended June 30, 2022 and 2023, respectively, as the investees’ unsatisfied financial performance with no obvious upturn or potential financing solutions in the foreseeable future, and the Group determined the fair value of these investments was less than their carrying value.

The Company disposes several equity investments of the Group with the carrying amount of RMB104.1 million and nil for the six months ended June 30, 2022 and 2023, respectively. The difference between the consideration and their carrying value was recognized as “Investment (loss)/income, net (including impairments).” RMB16.4 million and nil disposal gain was recognized for the six months ended June 30, 2022 and 2023, respectively.

Equity investments accounted for using the equity method

RMB74.3 million and RMB80.4 million of the Group’s proportionate share of equity investee’s net loss, was recognized in “Investment (loss)/income, net (including impairments)” for the six months ended June 30, 2022 and 2023, respectively.

Investments accounted for at fair value

Investments accounted for at fair value primarily include financial products with variable interest rates referenced to performance of underlying assets and with original maturities greater than one year and investments in publicly traded companies with an intention of holding greater than one year. A loss of RMB171.3 million and a gain of RMB167.7 million resulted from the change in fair value was recognized in “Investment (loss)/income, net (including impairments)” for the six months ended June 30, 2022 and 2023, respectively.

Notes to Unaudited Interim Condensed Consolidated Financial Information

10. TAXATION

Composition of income tax

The following table presents the composition of income tax expenses for the six months ended June 30, 2022 and 2023:

	For the Six Months Ended June 30,	
	2022	2023
	RMB in thousands	
Current income tax expenses	68,394	57,719
Withholding income tax expenses	6,216	9,121
Deferred tax benefits	(18,009)	(11,250)
Total	56,601	55,590

The Group's effective tax rate for the six months ended June 30, 2022 and 2023 was -1.3% and -2.6%, respectively. The effective tax rate is based on expected income and statutory tax rates. For interim financial reporting, the Group estimates the annual tax rate based on projected taxable income for the full year and records a quarterly income tax provision in accordance with the guidance on accounting for income taxes in an interim period. The Group did not incur any interest and penalties related to potential underpaid income tax expenses.

11. ACCOUNTS PAYABLE

An aging analysis of the accounts payable as of December 31, 2022 and June 30, 2023, based on the recognition date, after credit period, is as follows:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Within 3 months	2,977,735	2,825,745
Between 3 months and 6 months	623,799	605,578
Between 6 months and 1 year	392,474	342,844
More than 1 year	297,648	397,458
Total	4,291,656	4,171,625

The accounts payable is non-interest-bearing.

Notes to Unaudited Interim Condensed Consolidated Financial Information

12. TAXES PAYABLE

The following is a summary of taxes payable as of December 31, 2022 and June 30, 2023:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Enterprise income tax (“EIT”) payable	109,864	100,135
Withholding income tax payable	55,854	63,671
Withholding individual income taxes for employees	46,739	31,755
Value added tax (“VAT”) payable	58,624	44,768
Others	45,163	60,001
Total	316,244	300,330

13. SHORT-TERM LOAN AND CURRENT PORTION OF LONG-TERM DEBT

	Balance at December 31, 2022			Balance at June 30, 2023		
	Interest Rate Range	Maturity Date	Amount RMB in thousands	Interest Rate Range	Maturity Date	Amount RMB in thousands
Unsecured bank loans	3.10%~3.70%	Within 12 months	1,242,882	3.10%~3.70%	Within 12 months	1,538,675
Unsecured borrowing	3.79%	Within 12 months	240,871	—	—	—
April 2026 Notes (Note 15)	—	—	—	1.38%	Within 12 months	3,072,981
2027 Notes (Note 15)	1.25%	Within 12 months	5,137,633	—	—	—
Total			6,621,386			4,611,656

Notes to Unaudited Interim Condensed Consolidated Financial Information

14. ACCRUED LIABILITIES AND OTHER PAYABLES

The following is a summary of accrued liabilities and other payables as of December 31, 2022 and June 30, 2023:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Accrued marketing expenses	777,572	735,994
Payables to producers and licensors	159,950	247,374
Leasing liabilities-current portion	238,687	186,098
Professional fees	94,342	126,458
Accrued sales rebate	—	114,595
Deposit	48,637	82,255
Consideration payable for acquisitions and investments	110,518	31,105
Advances from/payables to third parties	6,420	19,009
Interest payable	17,731	12,040
Other staff related cost	5,372	5,917
Others	75,733	48,505
Total	1,534,962	1,609,350

15. CONVERTIBLE SENIOR NOTES

April 2026 Notes

In April 2019, the Group issued US\$500.0 million of April 2026 Notes with an interest rate of 1.375% per annum. The net proceeds to the Company from the issuance of the April 2026 Notes were US\$488.2 million (RMB3,356.1 million), net of issuance costs of US\$11.8 million (RMB81.1 million). The April 2026 Notes may be converted, at an initial conversion rate of 40.4040 ADSs per US\$1,000 principal amount (which represents an initial conversion price of US\$24.75 per ADS) at each holder's option at any time prior to the close of business on the second business day immediately preceding the maturity date of April 1, 2026.

Holder of the April 2026 Notes may require the Company to repurchase all or part of their April 2026 Notes in cash on April 1, 2024 or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

Notes to Unaudited Interim Condensed Consolidated Financial Information

15. CONVERTIBLE SENIOR NOTES (Continued)

April 2026 Notes (Continued)

The issuance costs of the April 2026 Notes were amortized to interest expense over the contractual life to the maturity date (i.e., April 1, 2026). For the six months ended June 30, 2022 and 2023, the April 2026 Notes related interest expense was US\$3.7 million (RMB23.8 million) and US\$3.7 million (RMB25.5 million), respectively.

As of June 30, 2023, the carrying amount of RMB3,073.0 million (US\$425.3 million) of the April 2026 Notes are short-term in nature because the April 2026 Notes holder had a non-contingent option to require the Group to repurchase for cash all or any portion of their April 2026 Notes within one year.

2027 Notes

In June 2020, the Group issued US\$800.0 million of 2027 Notes with an interest rate of 1.25% per annum. The net proceeds to the Company from the issuance of the 2027 Notes were US\$786.1 million (RMB5,594.8 million), net of issuance costs of US\$13.9 million (RMB98.6 million). The 2027 Notes may be converted, at an initial conversion rate of 24.5516 ADSs per US\$1,000 principal amount (which represents an initial conversion price of US\$40.73 per ADS) at each holder's option at any time prior to the close of business on the second business day immediately preceding the maturity date of June 15, 2027.

Holder of the 2027 Notes may require the Company to repurchase all or part of their 2027 Notes in cash on June 15, 2023 and June 15, 2025, or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

The issuance costs of the 2027 Notes were amortized to interest expense over the contractual life to the maturity date (i.e., June 15, 2027). For the six months ended June 30, 2022 and 2023, the 2027 Notes related interest expense was US\$6.0 million (RMB38.7 million) and US\$5.0 million (RMB34.7 million), respectively.

December 2026 Notes

In November 2021, the Group issued US\$1,600 million of December 2026 Notes with an interest rate of 0.50% per annum. The net proceeds to the Company from the issuance of the December 2026 Notes were US\$1,576.6 million (RMB10.1 billion), net of issuance costs of US\$23.4 million (RMB149.6 million). The December 2026 Notes may be converted, at an initial conversion rate of 10.6419 ADSs per US\$1,000 principal amount (which represents an initial conversion price of US\$93.97 per ADS) at each holder's option at any time prior to the close of business on the second business day immediately preceding the maturity date of December 1, 2026. Upon conversion, the Company will pay or deliver, as the case may be, cash, ADSs or a combination of cash and ADSs, at the Company's election. Holders of the Notes may elect to receive Class Z ordinary shares in lieu of any ADSs deliverable upon conversion.

Notes to Unaudited Interim Condensed Consolidated Financial Information

15. CONVERTIBLE SENIOR NOTES (Continued)

December 2026 Notes (Continued)

Holders of the December 2026 Notes may require the Company to repurchase all or part of their December 2026 Notes in cash on December 1, 2024, or in the event of certain fundamental changes at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

The issuance costs of the December 2026 Notes were amortized to interest expense over the contractual life to the maturity date (i.e., December 1, 2026). For the six months ended June 30, 2022 and 2023, the December 2026 Notes related interest expense was US\$5.7 million (RMB37.1 million) and US\$1.7 million (RMB12.9 million), respectively.

The Company accounted for the April 2026 Notes, 2027 Notes and December 2026 Notes as single instruments as debt measured at its amortized cost, as none of the embedded features require bifurcation and recognition as derivatives and the April 2026 Notes, 2027 Notes and December 2026 Notes were not issued with a substantial premium. The issuance costs were recorded as an adjustment to the debt and are amortized as interest expense using the effective interest method.

As of December 31, 2022, and June 30, 2023, the principal amount of April 2026 Notes was RMB2,990.2 million and RMB3,102.3 million, respectively. The unamortized debt issuance costs were RMB33.4 million and RMB29.4 million as of December 31, 2022 and June 30, 2023, respectively.

As of December 31, 2022, and June 30, 2023, the principal amount of 2027 Notes was RMB5,195.6 million and RMB0.7 million, respectively. The unamortized debt issuance costs were RMB58.0 million and RMB6,669 as of December 31, 2022 and June 30, 2023, respectively.

As of December 31, 2022, and June 30, 2023, the principal amount of December 2026 Notes was RMB5,792.6 million and RMB3,229.3 million, respectively. The unamortized debt issuance costs were RMB66.3 million and RMB32.3 million as of December 31, 2022 and June 30, 2023, respectively.

For the six months ended June 30, 2022 and 2023, no April 2026 Notes, 2027 Notes and December 2026 Notes were converted.

For the six months ended June 30, 2022, the Company repurchased an aggregate principal amount of US\$275.4 million (RMB1.8 billion) of December 2026 Notes for a total cash consideration of US\$197.7 million (RMB1.3 billion), with the gain of US\$74.0 million (RMB475.8 million).

For the six months ended June 30, 2023, the Company repurchased an aggregate principal amount of US\$745.9 million 2027 Notes with the aggregate cash purchase price of US\$745.9 million (RMB5,338.2 million) with the loss of US\$7.6 million (RMB54.0 million) recognized for the six months ended June 30, 2023.

Notes to Unaudited Interim Condensed Consolidated Financial Information

15. CONVERTIBLE SENIOR NOTES (Continued)

For the six months ended June 30, 2023, the Company repurchased an aggregate principal amount of US\$384.8 million of December 2026 Notes in the amount of US\$331.2 million (RMB2,243.8 million) funded by the net proceeds from the ADS offering, with the gain of US\$49.5 million (RMB336.5 million) recognized for the six months ended June 30, 2023.

The following table provides a summary of the Company's non-current portion of unsecured senior notes as of December 31, 2022 and June 30, 2023:

	December 31, 2022 Amounts RMB in thousands	June 30, 2023 Amounts	Effective interest rate
April 2026 Notes	2,956,815	—	1.74%
2027 Notes	—	658	1.52%
December 2026 Notes	5,726,335	3,196,967	0.80%
Carrying value	8,683,150	3,197,625	
Unamortized discount and debt issuance costs	99,698	32,301	
Total principal amounts of unsecured senior notes	8,782,848	3,229,926	

16. REVENUE

The following table presents the Group's net revenues disaggregated by revenue sources:

	For the Six Months Ended June 30, 2022		2023
	RMB in thousands		
Mobile games	2,404,054		2,022,503
Value-added services	4,155,650		4,457,965
Advertising	2,199,022		2,844,644
IP derivatives and others (formerly known as E-commerce and others)	1,204,304		1,048,698
Total net revenues	9,963,030		10,373,810

Notes to Unaudited Interim Condensed Consolidated Financial Information

17. SHARE-BASED COMPENSATION

As of June 30, 2023, total unrecognized compensation expenses related to unvested service-based restricted share units (“RSUs”) granted under the 2018 Plan, adjusted for estimated forfeitures, was RMB1,047.0 million, which is expected to be recognized over a weighted-average period of 4.9 years and may be adjusted for future changes in estimated forfeitures.

The following table presents a summary of the Group’s service-based RSUs activities for the six months ended June 30, 2023:

	Total Number of shares (In thousands)	Weighted Average Grant date fair value US\$
Outstanding at January 1, 2023	1,967	24.59
Granted	6,151	21.23
Exercised	(13)	24.59
Forfeited	(277)	24.54
Outstanding at June 30, 2023	<u>7,828</u>	<u>21.95</u>

Notes to Unaudited Interim Condensed Consolidated Financial Information

17. SHARE-BASED COMPENSATION (Continued)

As of June 30, 2023, total unrecognized compensation expenses related to unvested options granted under the Global Share Plan and the 2018 Plan, adjusted for estimated forfeitures, was RMB2,780.5 million, which is expected to be recognized over a weighted-average period of 3.1 years and may be adjusted for future changes in estimated forfeitures.

The following table presents a summary of the Group's share options activities for the six months ended June 30, 2023:

	Total Number of shares (In thousands)	Weighted Average Exercise Price US\$
Outstanding at January 1, 2023	21,910	2.0283
Granted	—	—
Exercised	(1,156)	0.0001
Forfeited	(781)	0.3065
Outstanding at June 30, 2023	19,973	2.2199
Exercisable at June 30, 2023	5,197	3.8365

18. NET LOSS PER SHARE

For the six months ended June 30, 2022 and 2023, the Company had potential ordinary shares, including share options and RSUs granted and ordinary shares issuable upon the conversion of the April 2026 Notes, 2027 Notes and December 2026 Notes, where applicable. As the Group incurred losses for the six months ended June 30, 2022 and 2023, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share.

For the six months ended June 30, 2022, the numbers of share options and the number of ordinary shares issuable upon the conversion of the April 2026 Notes, 2027 Notes and December 2026 Notes, which were anti-dilutive and excluded from the computation of diluted net loss per share, were 3,168,717 shares, 17,347,747 shares, 19,641,256 shares and 15,480,130 shares, respectively.

Notes to Unaudited Interim Condensed Consolidated Financial Information

18. NET LOSS PER SHARE (Continued)

For the six months ended June 30, 2023, the numbers of share options, RSUs and the number of ordinary shares issuable upon the conversion of the April 2026 Notes, 2027 Notes and December 2026 Notes, which were anti-dilutive and excluded from the computation of diluted net loss per share, were 1,987,963 shares, 29,875 shares, 17,347,182 shares, 16,696,622 shares and 5,004,820 shares, respectively.

The following table sets forth the computation of basic and diluted net loss per share for the six months ended June 30, 2022 and 2023:

	For the Six Months Ended June 30,	
	2022	2023
	RMB in thousands, except for share and per share data	
Numerator:		
Net loss	(4,294,577)	(2,177,777)
Net loss attributable to noncontrolling interests	5,668	3,384
		<hr/>
Net loss attributable to Bilibili Inc.'s shareholders for basic/dilutive net loss per share calculation	(4,288,909)	(2,174,393)
		<hr/>
Denominator:		
Weighted average number of ordinary shares outstanding, basic	394,142,409	412,013,005
Weighted average number of ordinary shares outstanding, diluted	394,142,409	412,013,005
Net loss per share, basic	(10.88)	(5.28)
Net loss per share, diluted	(10.88)	(5.28)

Notes to Unaudited Interim Condensed Consolidated Financial Information

19. RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into the following significant related party transactions for the periods presented:

	For the Six Months Ended June 30,	
	2022	2023
	RMB in thousands	
Purchases of goods and services	86,730	123,340
Repayment of loans from an entity ("Entity" ¹)	—	270,078
Sales of goods and services	12,658	5,941
Interest income	31,241	26,133

The Group had the following significant related party balances as of December 31, 2022 and June 30, 2023, respectively:

	December 31, 2022	June 30, 2023
	RMB in thousands	
Amount due from related parties		
Due from investment funds ²	103,689	37,506
Due from the Entity ¹	1,308,652	1,040,968
Due from other investees	182,579	128,811
Total	1,594,920	1,207,285
Amount due to related parties³	108,307	101,458

- The Company established the Entity with an independent third party and two entities controlled by Mr. Rui Chen and Ms. Ni Li, respectively, to acquire the land use rights for a parcel of land in Shanghai for future construction. The balance as of December 31, 2022 and June 30, 2023 represents interest-bearing loans and interest expenses related to the Entity, which are non-trade in nature. The annual interest rates of the loans were from 3.3% to 4.15%.
- The balances due from the investment funds, of which the Company is their limited partners, as of December 31, 2022 and June 30, 2023 were consideration receivables related to the equity investments transferred, which are non-trade in nature.
- The balances as of December 31, 2022 and June 30, 2023 mainly represent considerations related to long-term investments, which are non-trade in nature.

Notes to Unaudited Interim Condensed Consolidated Financial Information

20. ACQUISITIONS

Transactions with one game development company (“Game Business”)

In February 2022, the Company signed an agreement to acquire all of the equity interests in Game Business with a total cash consideration of RMB800.0 million. Upon the completion of this transaction, the Group held 100% of equity interests in the Game Business, which became a consolidated subsidiary of the Group.

The consideration of acquisition of Game Business was allocated based on their fair value of the assets acquired and the liabilities assumed as follows:

	Amount RMB in thousands	Amortization Period
Net assets acquired	333,830	
Intangible assets		
— Non-compete clause	111,000	6 years
— Others	50,965	5 years
Deferred tax liabilities	(40,491)	
Goodwill	344,696	
Total	800,000	

Total purchase price comprised of:

	Amount RMB in thousands
Cash consideration	800,000

Goodwill arising from this acquisition was attributable to the Group's strategy to expand its self-developed capacity in game development.

Notes to Unaudited Interim Condensed Consolidated Financial Information

20. ACQUISITIONS (Continued)

Other acquisitions

For the years ended December 31, 2022, the Group completed several other acquisitions, to complement its existing businesses and achieve synergies. The acquired entities individually and in aggregate were insignificant. The Group's other acquisitions are summarized in the following table:

	For the Year Ended December 31, 2022 Amount RMB in thousands	Amortization Period
Net assets acquired	85,369	
Intangible assets		
— Non-compete clause	9,000	6 years
— Others	61,000	1 to 6 years
Deferred tax liabilities	(17,500)	
Goodwill	42,131	
Total	<u>180,000</u>	

Total purchase price comprised of:

	Amount RMB in thousands
Cash consideration	150,000
Share consideration	—
Fair value of previously held equity interests	30,000
Total	<u>180,000</u>

Pro forma results of operations for all the acquisitions have not been presented because they were not material to the consolidated statement of operations and comprehensive loss for the six months ended June 30, 2022, either individually or in aggregate.

21. SUBSEQUENT EVENTS

There were no material subsequent events during the period from July 1, 2023 to the approval date of the Interim Financial Information.

Notes to Unaudited Interim Condensed Consolidated Financial Information

22. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Reconciliation of unaudited interim condensed consolidated balance sheets data

	As of June 30, 2023					Amounts as reported under IFRS
	Amounts as reported under U.S. GAAP	Convertible senior notes Note(i)	Leases Note(ii)	Equity investments using the measurement alternative Note(iii)	Share-based compensation Note(iv)	
	RMB in thousands					
Assets						
Long-term investments, net	5,223,492	—	—	163,147	—	5,386,639
Other long-term assets	1,295,834	—	(11,637)	—	—	1,284,197
Total assets	34,895,357	—	(11,637)	163,147	—	35,046,867
Liabilities						
Short-term loan and current portion of long-term debt	4,611,656	74,011	—	—	—	4,685,667
Accrued liabilities and other payables	1,609,350	(12,011)	—	—	—	1,597,339
Long-term debt	3,197,625	(365,195)	—	—	—	2,832,430
Total liabilities	18,362,675	(303,105)	—	—	—	18,059,570
Total shareholders' equity	16,532,682	303,105	(11,637)	163,147	—	16,987,297

Notes to Unaudited Interim Condensed Consolidated Financial Information

22. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Notes:

(i) Convertible senior notes

Under U.S. GAAP, the convertible senior notes were measured at amortized cost, with any difference between the initial carrying value and the repayment amount recognized as interest expenses using the effective interest method over the period from the issuance date to the maturity date.

Under IFRS, the Group's convertible senior notes were designated as financial liabilities at fair value through profit or loss such that the convertible senior notes were initially recognized at fair values. Subsequent to initial recognition, the Group considered that the amounts of changes in fair value of the convertible senior notes that were attributed to changes in credit risk recognized in other comprehensive income, and the rest amounts of changes in fair value of the convertible senior notes were recognized in the profit or loss.

(ii) Leases

Under U.S. GAAP, the amortization of the right-of-use assets and interest expense related to the lease liabilities are recorded together as lease expense to produce a straight-line recognition effect in the income statement.

Under IFRS, the amortization of the right-of-use asset is on a straight-line basis while the interest expense related to the lease liabilities are measured on the basis that the lease liabilities are measured at amortized cost. The amortization of the right-of-use asset is recorded as lease expense and the interest expense is required to be presented in separate line item.

(iii) Equity investments using the measurement alternative

Under U.S. GAAP, the Group elects to use the measurement alternative to record equity investments without readily determinable fair values at cost, less impairment, and plus or minus subsequent adjustments for observable price changes.

Under IFRS, these investments were classified as financial assets at fair value through profit or loss and measured at fair value with changes in fair value recognized through profit or loss. Fair value changes of these investments were recognized in the profit or loss.

(iv) Share-based compensation

Under U.S. GAAP, for the options and RSUs granted to employees with service condition only, the share-based compensation expenses were recognized over the vesting period using straight-line method.

Under IFRS, for the options and RSUs granted to employees with service condition only, the graded vesting method must be applied.

Definitions

“2018 Share Incentive Plan”	the Company’s 2018 share incentive plan adopted in February 2018 as amended from time to time
“2027 Notes”	1.25% convertible senior notes due 2027, initially in an aggregate principal amount of US\$800 million, issued by the Company in June 2020
“ADS(s)”	American Depositary Shares (each representing one Class Z Ordinary Share)
“ADS Offering”	the offer of ADSs to the placees selected and procured by the Goldman Sachs (Asia) L.L.C. pursuant to a shelf registration statement on Form F-3 and a prospectus supplement filed with the SEC on January 9, 2023, in the manner which shall constitute placing within the meaning of the Listing Rules, details of which are set out in the announcements of the Company dated January 9, 2023 and January 12, 2023
“April 2026 Notes”	1.375% convertible senior notes due April 2026, initially in an aggregate principal amount of US\$500 million, issued by the Company in April 2019
“Articles of Association”	the eighth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on June 30, 2022, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this interim report only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class Y Ordinary Shares”	Class Y ordinary shares of the share capital of the Company with a par value of US\$0.0001 each, giving a holder of a Class Y ordinary share 10 votes per share on any resolution tabled at the Company’s general meeting, subject to Rule 8A.24 of the Listing Rules that requires the Reserved Matters to be voted on a one vote per share basis

Definitions

“Class Z Ordinary Shares”	Class Z ordinary shares of the share capital of the Company with a par value of US\$0.0001 each, conferring weighted voting rights in the Company such that a holder of a Class Z ordinary share is entitled to one vote per share on any resolution tabled at the Company’s general meeting
“Code”	the Management Trading of Securities Policy
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “we”, “us”, or “our”	Bilibili Inc., a company with limited liability incorporated in the Cayman Islands on December 23, 2013
“Compensation Committee”	the compensation committee of the Board
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Rui Chen, Vanship Limited and other entities controlled by Mr. Rui Chen through which he holds interests in the Company, as set out in the section headed “Relationship with the Controlling Shareholders” in the Prospectus
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended from time to time
“DAU”	daily active user
“December 2026 Notes”	0.50% convertible senior notes due December 2026, initially in an aggregate principal amount of US\$1,600 million, issued by the Company in November 2021
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Global Share Plan”	the Company’s global share incentive plan adopted in November 2014 and terminated on the Primary Conversion Effective Date

Definitions

“Group,” “our Group,” “the Group,” “we,” “us,” or “our”	the Company, subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS(s)”	the International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Latest Practicable Date”	August 24, 2023, being the latest practicable date for ascertaining certain information in this interim report before its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“MAU”	monthly active user
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Nasdaq”	Nasdaq Global Select Market
“Nominating and Corporate Governance Committee”	the nominating and corporate governance committee of the Board
“Primary Conversion”	the Company’s voluntary conversion of its secondary listing status in Hong Kong to primary listing on the Stock Exchange
“Primary Conversion Effective Date”	October 3, 2022, the date on which the Company’s voluntary conversion of its secondary listing status in Hong Kong to primary listing on the Stock Exchange became effective
“Prospectus”	the Company’s prospectus published on March 18, 2021 in connection to its offering of shares for subscription by the public in Hong Kong
“Reporting Period”	the six months ended June 30, 2023

Definitions

“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to Hong Kong Listing Rule 8A.24, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SEC”	the Securities and Exchange Commission of the United States
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Class Y Ordinary Shares and Class Z Ordinary Shares in the share capital of the Company, as the context so requires
“Shareholder(s)”	the holder(s) of the Share(s), and where the context requires, ADSs
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700), one of the substantial Shareholders of the Company
“Total Time Spent”	Total time spent represents the total time users spent on our mobile apps during a given period, which is the result of average daily time spent per active user on our mobile apps multiplied by DAUs and further multiplied by the number of days in such period
“United States” or “US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. GAAP”	Generally Accepted Accounting Principles in the United States
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“WVR”	weighted voting rights
“%”	per cent